THE IRISH TIMES LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2006

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006

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ERNST & YOUNG

COMPANY INFORMATION

DIRECTORS	Alex Burns Gerard Burns Maeve Donovan John Fanning Liam Kavanagh Geraldine Kennedy David McConnell Eoin McVey Paul O'Neill Gregory Sparks David Went
SECRETARY	Liam Kavanagh
REGISTERED OFFICE	The Irish Times Building, 24/28 Tara Street, Dublin 2.
REGISTERED NUMBER OF INCORPORATION	2514
SOLICITORS	William Fry, Fitzwilton House, Wilton Place, Dublin 2. Hayes, Lavery House, Earlsfort Terrace, Dublin 2.
BANKERS	Bank of Ireland, College Green, Dublin 2.
AUDITORS	Ernst & Young, Chartered Accountants, Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2.

DIRECTORS' REPORT
for the year ended 31 December 2006

The directors present herewith their annual report and audited consolidated financial statements for the year ended 31 December 2006.

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND LIKELY FUTURE DEVELOPMENTS
The principal activities of the group are the printing, publishing, marketing and sale of newspapers.

2006 was another year of significant progress for The Irish Times Limited with the purchase of MyHome Limited, the relocation of the group headquarters to Tara Street and the launch of a joint venture for the publication of The Gloss magazine.

The increase of 14.3% in turnover to €129M reflected the strong economy in Ireland. Newspaper advertising revenue increased by 12.5% and the ABC audited circulation of The Irish Times over the year was static when compared with 2005. Readership of The Irish Times remained constant at 336,000. The increase in costs of 12.2% was due mostly to increases in employment costs together with a market price increase in the cost of newsprint. Itronics Limited reported a loss of €0.18M and the directors expect that it will move to profitability in the foreseeable future.

Operating profit, before an exceptional item, at €22.7M was 25% higher than 2005. After deducting an exceptional item of €1.1M, group operating profit for the year amounted to €21.6M.

The exceptional item consisted of an increase of €1.1M in a provision for costs of re-organisation. The Board continues to review all aspects of the group's activities so as to ensure that it operates to best practice across all activities and operations.

The results incorporate the share of losses of the joint venture to publish Metro. This company is performing in line with its business plan and has shown consistent improvements in editorial quality and revenues since its launch.

The deficit on the defined benefit pension schemes as calculated under Financial Reporting Standard No.17 "Retirement Benefits" decreased by €28M during the year. This was due to an improvement in bond yields, good investment returns and an advance payment of contributions. 2006 was the third year of a 10 year proposal agreed with the Pensions Board to fund the deficit.

PRINCIPAL RISKS AND UNCERTAINTIES
It is the policy of The Irish Times Limited to identify the key risks facing the group, to assess (with appropriate professional advice) the level of risk and to manage those risks so as to ensure the continuing publication of The Irish Times. The risk management process was established by the Board's audit committee. Key risks identified include:

- An interruption or failure of production or information systems resulting in the potential loss of a publication.
- A deterioration in general economic conditions or in advertising markets leading to reductions in revenue.
- Unusually high changes in costs particularly newsprint and salary costs.
- Competitive changes in the marketplace and the ability to respond to those changes.
- Certain financial risks including risk of bad debts.

DIRECTORS' REPORT
for the year ended 31 December 2006 (Continued)

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2006

The consolidated profit and loss account for the year ended 31 December 2006 and the consolidated balance sheet at that date are set out on pages 10 and 12 respectively. The results for the year and the financial position at the year end were considered satisfactory. A key concern is the continued increase in costs particularly employment costs in a market which continues to be extremely competitive and in which The Irish Times Limited is exposed to economically sensitive advertising revenues.

IMPORTANT EVENTS SINCE YEAR END

On 16 May 2007 the company acquired 43.8% of the share capital of Relevance Publishing Limited which is the publisher of the Lucan, Blanchardstown and Clondalkin Gazette titles.

BOOKS OF ACCOUNT

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990, with regard to books of account. To achieve this, the directors have appointed appropriate accounting personnel who report to the Board in order to ensure that those requirements are complied with. Those books are maintained at the company's registered office at The Irish Times Building, 24/28 Tara Street, Dublin 2.

REMUNERATION AND NOMINATIONS COMMITTEE

The responsibilities of the committee, delegated to it by the Board, include entering into contracts and setting remuneration levels for the Managing Director, Editor and other Executive Directors.

The members of the committee were Alex Burns, John Fanning, David McConnell, David Went and Brian Patterson. The objective of the committee is to recruit, motivate and retain management and staff of the highest calibre in a competitive market. It seeks external and independent professional advice, when required, to ensure that payment levels are set with proper regard to market conditions and internal relativities. All payments to Executive Directors are determined by the Remuneration and Nominations Committee independently of the executives concerned.

DIRECTORS' REPORT
for the year ended 31 December 2006 (Continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)
The schedule below provides the detail of each continuing director's service during the year.

Director	Position	Months in office	Remune-ration	Fees
Alex Burns	Non-Executive	12	N	Y
Gerard Burns	Non-Executive & Governor of The Irish Times Trust Limited	12	N	Y
Maeve Donovan	Managing Director	12	Y	Y
John Fanning	Non-Executive	12	N	Y
Liam Kavanagh	Deputy Managing Director	12	Y	Y
Geraldine Kennedy	Editor	12	Y	Y
David McConnell	Non-Executive & Chairman of The Irish Times Trust Limited	12	(Note 1)	Y
Eoin McVey	Managing Editor	12	Y	Y
Paul O'Neill	Deputy Editor	12	Y	Y
Brian Patterson	Non-Executive Chairman	12	(Note 1)	Y
Gregory Sparks	Non-Executive	12	N	Y
David Went	Non-Executive & Governor of The Irish Times Trust Limited	12	N	(Note 2)

Note 1 The chairmen of The Irish Times Limited and The Irish Times Trust Limited each receive an annual salary for their respective positions.
Note 2 Director's fees payable to David Went were waived by him.

The average number of directors who held office during the year was 12 (2005: 13).
The average number who received executive remuneration was 5 (2005: 6).

Directors' Fees: The basis for the payment of directors' fees in 2006 was as follows:

Chairman of The Irish Times Limited, chairman of The Irish Times Trust Limited and executive directors – €9,953 per annum (2005: €9,400).

Non-executive directors – €12,700 (2005: €12,700) per annum plus €10,600 (2005: €10,600) for service on Board sub-committees.

The average fee per director in 2006 was €13,666 (2005: €12,954).

Consultancy: Alex Burns provided professional services to the group during the year for which he was paid consultancy fees.

Remuneration: The schedule below provides an analysis of directors' remuneration (exclusive of fees) which is disclosed in note 7 to the consolidated financial statements. Remuneration is before all taxes and is inclusive of salary, performance related pay, benefit-in-kind and pension costs.

DIRECTORS' REPORT
for the year ended 31 December 2006 (Continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)

	Note	*2006* *€'000*	*2005* *€'000*
Salary		1,476	1,611
Performance related pay	(i)	600	362
Benefits-in-kind	(ii)	113	123
Subtotal		2,189	2,096
Pension current service cost		754	712
Total		2,943	2,808

(i) Performance related pay is set and approved by the Remuneration and Nominations Committee on the basis of the achievement of individual specific targets and objectives. All remuneration is paid in full compliance with tax legislation and all payments are included in the group's annual returns to the Revenue Commissioners.

(ii) The benefit-in-kind arrangements for executive directors relate primarily to company cars. There are no loans to directors.

In addition to the above, the Board approved an ex-gratia payment of €130,000 to the estate of the late Michael Austen following his untimely death on 7 February 2006.

The annual salaries at 31 December 2006 for the continuing executive director positions and the non-executive chairmen were as follows:

	2006 *€'000*	*2005* *€'000*
Continuing Executive Directors		
Managing Director	362	350
Editor	362	350
Deputy Managing Director	240	261
Finance Director	-	209
Deputy Editor	185	158
Managing Editor	139	134
Non-Executive Chairmen		
The Irish Times Limited	101	101
The Irish Times Trust Limited	48	48
Total	1,437	1,611

DIRECTORS' REPORT
for the year ended 31 December 2006 (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the Accounting Standards issued by the Accounting Standards Board and promulgated by The Institute of Chartered Accountants in Ireland.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2006. They are also responsible for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the directors

David Went Director	Liam Kavanagh Director

17 May 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE IRISH TIMES LIMITED

We have audited the consolidated and parent company financial statements of The Irish Times Limited for the year ended 31 December 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, and the related notes 1 to 31. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts, 1963 to 2006. We also report to you our opinion as to: whether proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation which may require the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the company balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and other transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

Continued /...

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE IRISH TIMES LIMITED (Continued)

Basis of audit opinion (continued)
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the group and of the company as at 31 December 2006 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The company balance sheet is in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

In our opinion, the company balance sheet does not disclose a financial situation which under section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Ernst & Young

Ernst & Young
Registered Auditors

Dublin

5 June 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2006

	Note	2006 €	2005 €
Group turnover	2	129,427,563	113,251,713
Cost of sales		(81,302,052)	(68,336,815)
Gross profit		48,125,511	44,914,898
Distribution costs		(10,951,367)	(11,975,787)
Administrative expenses		(14,508,120)	(14,856,148)
Total operating expenses excluding exceptional item		(25,459,487)	(26,831,935)
Group operating profit before exceptional item		22,666,024	18,082,963
Administrative expenses - exceptional item	3	(1,100,000)	(5,000,000)
Group operating profit after exceptional item			
– ongoing operations		21,193,172	13,082,963
– acquisitions		372,852	-
Group operating profit		21,566,024	13,082,963
Share of operating loss of joint venture		(2,228,412)	(103,278)
Amortisation of goodwill on investment in joint venture		(70,363)	-
Total operating profit: group and share of joint venture		19,267,249	12,979,685
Profit on disposal of tangible fixed assets	12	22,332,538	47,553
Interest receivable and similar income	4	1,256,460	577,640
Interest payable and similar charges	5	(185,986)	(17,777)
Other finance income	6	819,000	541,000
Profit on ordinary activities before taxation	7	43,489,261	14,128,101
Tax on profit on ordinary activities	9	(6,190,180)	(1,147,015)
Profit for the financial year after taxation	10	37,299,081	12,981,086
Loss attributable to minority interest		100,000	–
Profit for the year attributable to shareholders		37,399,081	12,981,086

Historical cost profit before and after taxation for the financial year does not differ materially from reported profits.

David Went
Director

Liam Kavanagh
Director

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
at 31 December 2006

	Note	*2006* €	*2005* €
Profit for the financial year attributable to the shareholders		37,399,081	12,981,086
Actuarial gain (loss) on defined benefit pension schemes	20	23,252,000	(19,871,000)
Deferred tax on defined benefit pension schemes		(3,348,000)	1,884,000
Current tax on defined benefit pension schemes		823,000	258,800
Total recognised gains and losses for the year		58,126,081	(4,747,114)

CONSOLIDATED BALANCE SHEET
at 31 December 2006

	Note	2006 €	2005 €
FIXED ASSETS			
Intangible assets	11	46,697,016	–
Tangible assets	12	70,347,522	74,461,082
Financial assets	13		
Joint venture			
- Share of gross assets		2,551,104	2,346,408
- Share of gross liabilities		(687,556)	(1,099,685)
Other investments		58,367	18,367
		118,966,453	75,726,172
CURRENT ASSETS			
Stocks	14	692,228	449,513
Debtors	15	14,582,001	11,323,656
Cash at bank and in hand		34,467,259	29,317,771
		49,741,488	41,090,940
CREDITORS (amounts falling due within one year)	16	(25,991,674)	(19,214,464)
NET CURRENT ASSETS		23,749,814	21,876,476
TOTAL ASSETS LESS CURRENT LIABILITIES		142,716,267	97,602,648
CREDITORS (amounts falling due after more than one year)	17	(17,351,035)	–
PROVISIONS FOR LIABILITIES AND CHARGES	19	(3,447,748)	(5,802,245)
PENSION OBLIGATIONS	20	(22,625,000)	(50,634,000)
		99,292,484	41,166,403
CAPITAL AND RESERVES			
Share capital	21	625,138	625,138
Revaluation reserve	22	–	1,362,618
Capital conversion reserve fund	22	9,871	9,871
Profit and loss account	22	98,657,475	39,168,776
Shareholders' funds	22	99,292,484	41,166,403

David Went
Director

Liam Kavanagh
Director

COMPANY BALANCE SHEET
at 31 December 2006

	Note	*2006* €	*2005* €
FIXED ASSETS			
Tangible assets	12	69,373,127	74,035,385
Financial assets	13	4,718,565	1,519,266
		74,091,692	75,554,651
CURRENT ASSETS			
Stocks	14	692,228	449,513
Debtors	15	48,793,558	10,606,403
Cash at bank and in hand		33,828,850	29,161,579
		83,314,636	40,217,495
CREDITORS (amounts falling due within one year)	16	(28,414,084)	(18,066,221)
NET CURRENT ASSETS		54,900,552	22,151,274
TOTAL ASSETS LESS CURRENT LIABILITIES		128,992,244	97,705,925
PROVISIONS FOR LIABILITIES AND CHARGES	19	(3,447,748)	(5,802,245)
PENSION OBLIGATIONS	20	(21,980,000)	(49,522,000)
		103,564,496	42,381,680
CAPITAL AND RESERVES			
Share capital	21	625,138	625,138
Revaluation reserve	22	–	1,362,618
Capital conversion reserve fund	22	9,871	9,871
Profit and loss account	22	102,929,487	40,384,053
Shareholders' funds	22	103,564,496	42,381,680

David Went
Director

Liam Kavanagh
Director

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CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2006

	Note	*2006* €	*2005* €
Net cash inflow from operating activities	23	19,418,929	23,496,783
Returns on investments and servicing of finance			
Income from financial fixed assets received		26,480	34,152
Interest received		1,183,340	554,734
Interest paid		(185,986)	(8,008)
Interest element of finance lease payments		(2,220)	(9,769)
		1,021,614	571,109
Taxation			
Corporation taxation refund		192,224	73,264
Corporation taxation paid		(4,599,226)	(1,521,582)
		(4,407,002)	(1,448,318)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(8,611,370)	(12,341,796)
Proceeds on disposal of tangible fixed assets		28,854,037	51,141
Other investments		(40,000)	–
		20,202,667	(12,290,655)
Acquisitions and disposals			
Investment in joint venture		(2,915,600)	(1,350,000)
Acquisition of subsidiary undertakings		(38,398,250)	–
		(41,313,850)	(1,350,000)
Net cash (outflow) inflow before financing		(5,077,642)	8,978,919
Financing			
Bank loans		10,000,000	–
Capital element of finance lease repaid		(2,610)	(466,740)
New finance leases		44,728	–
Net cash inflow (outflow) from financing		10,042,118	(466,740)
Increase in cash	24	4,964,476	8,512,179

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NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006

1. ACCOUNTING POLICIES

(a) *Basis of preparation*
The consolidated financial statements are prepared under the historical cost convention. The consolidated financial statements are prepared in accordance with generally accepted accounting practice in the Republic of Ireland.

Certain prior year amounts have been reclassified to conform with the presentation of the current year.

(b) *Basis of consolidation*
The consolidated financial statements include the financial statements of The Irish Times Limited and all its subsidiaries and joint venture undertakings made up to the balance sheet date.

The group's share of results of its joint venture, which is an entity in which the group holds an interest on a long term basis and which is jointly controlled by the group and one or more other venturers under a contractual arrangement, is gross equity-accounted from the date on which the joint venture agreement is finalised.

(c) *Currency*
Transactions denominated in foreign currencies are translated to euro at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to euro at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

(d) *Turnover*
Turnover represents the invoiced value of goods and services, exclusive of value added tax, to third parties, after deduction of rebates and allowances.

(e) *Advertising and promotional expenditure*
Advertising and promotional expenditure is written off in full in the year in which the costs are incurred.

(f) *Taxation - ordinary activities*
The charge for taxation is based on the profit or loss for the year and takes into account taxation advanced and/or deferred because of timing differences.

Deferred tax is calculated on all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are temporary differences between profits as computed for tax purposes and profits as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

1. ACCOUNTING POLICIES (Continued)

(f) *Taxation - ordinary activities (continued)*

Deferred tax liabilities are recognised in full in respect of net unfavourable timing differences. Deferred tax assets in respect of net favourable timing differences, including taxation losses available for carry forward, are recognised only when it is considered more probable than not that there will be suitable taxable profits from which the future reversal of timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is not discounted.

(g) *Goodwill*

Goodwill arising on acquisitions, being the excess of the consideration over the fair value of the net assets at the date of acquisition, is capitalised and related amortisation based on its estimated useful economic life up to a presumed maximum of 20 years is charged against operating profit on a straight line basis.

(h) *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at historical cost less accumulated depreciation. Certain freehold and long leasehold land and premises were carried in previous years at revalued amount less accumulated depreciation.

Depreciation is provided at annual rates calculated to write off the cost or valuation, less estimated residual value, of the assets as follows:

Freehold and long leasehold land	nil
Freehold and long leasehold premises	2% to 4% straight line
Plant and machinery	8? % to 33? % straight line
Motor vehicles	20% straight line
Office equipment	20% to 33? % straight line

Depreciation is provided on additions with effect from the first day of the month of commissioning and on disposals up to the end of the month prior to retiral.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

1. ACCOUNTING POLICIES (Continued)

(i) *Leased assets*

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

(j) *Financial fixed assets*

The investments by the company in subsidiary and joint venture undertakings are shown at cost less provisions for any impairment in value.

Trade investments are valued at cost less provisions for any impairment in value.

(k) *Stocks*

Stocks are valued at the lower of cost and net realisable value, on the first-in, first-out basis, cost being invoice price including duty and freight. Due provision is made to reduce any obsolete stock to its net realisable value. Net realisable value is the estimated selling price of stock on hand less all further costs to completion and all costs expected to be incurred in marketing, distribution and selling.

(l) *Pension*

The group operates a number of defined benefit and defined contribution pension schemes some of which are multi-employer pension schemes.

Defined benefit scheme assets are valued at fair value and liabilities are measured using the projected unit method. Net scheme assets and liabilities, reduced by deferred tax amounts, are shown on the balance sheet as a pension surplus or deficit as appropriate.

The profit and loss account charge consists of two elements: - the current and past service cost recorded in operating costs and the net of expected return on pension assets and the interest costs of the pension liabilities, recorded in other finance income.

Actuarial gains or losses are recognised through the consolidated statement of total recognised gains and losses.

Defined contribution scheme costs are charged to the profit and loss account in the accounting period in which they are incurred.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

1. ACCOUNTING POLICIES (Continued)

(*l*) *Pension (continued)*
Provision is made for the actuarial valuation of ex-gratia pensions at the time the commitment is made. Subsequent adjustments to the computation of the outstanding commitment are dealt with annually in the profit and loss account.

2. SEGMENTAL INFORMATION

Turnover, profit before tax and net operating assets by class of business and geographical market are not provided as the directors are of the opinion that the provision of such information would be seriously prejudicial to the interests of the group.

3. ADMINISTRATIVE EXPENSES - EXCEPTIONAL ITEM

	2006	*2005*
	€	€
Costs of re-organisation	1,100,000	5,000,000

The costs of re-organisation substantially comprise redundancy costs related to the building on success restructuring programme. The tax effect of this for the year ended 31 December 2006 was €110,000 (2005: €500,000).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006	*2005*
	€	€
Interest receivable	1,229,980	543,488
Income from financial fixed assets other than shares in group undertakings	26,480	34,152
	1,256,460	577,640

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	*2005*
	€	€
Finance lease interest	2,220	9,769
Interest on bank loans and overdrafts repayable wholly within five years		
- by instalment	162,980	–
- not by instalments	20,786	8,008
	185,986	17,777

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

6. OTHER FINANCE INCOME

	2006	2005
	€	€
Expected return on pension scheme assets	10,126,000	8,953,000
Interest on pension scheme liabilities	(9,307,000)	(8,412,000)
Net income	819,000	541,000

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging (crediting):

	2006	2005
	€	€
Directors' emoluments		
Fees	163,993	168,400
Remuneration:		
Executive directors	2,040,448	1,946,679
Pension costs	754,000	712,000
Chairmen's salaries	148,738	149,326
	2,943,186	2,808,005
Ex-gratia payment	130,000	-

Details of directors' remuneration are included in the Directors' Report.

Pension paid to former director	11,776	11,477
Auditors' remuneration	134,895	110,000
Amortisation of intangible assets	571,526	-
Depreciation of tangible fixed assets	6,746,199	6,316,964
Profit on disposal of fixed assets	(22,332,538)	(47,553)
Operating lease rentals – plant and machinery	495,759	433,548
– other	1,355,352	323,591

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

8. STAFF NUMBERS AND COSTS

The average number of employees, including executive directors, who worked in the group during the year was as follows:

	2006 *Number*	*2005* *Number*
Printing, publishing and distribution	558	550

The aggregate payroll costs comprise:

	€	€
Wages and salaries	38,792,702	36,251,401
Social welfare costs	3,693,429	3,462,085
Pension and other related costs	7,169,982	5,441,706
	49,656,113	45,155,192

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) *Analysis of profit and loss account charge:*

	2006 €	*2005* €
Current tax:		
Tax on profit for the year	4,723,195	1,278,313
Overprovision in respect of prior years	(8,452)	(91,461)
	4,714,743	1,186,852
Transfer from statement of total recognised gains and losses	823,000	258,800
	5,537,743	1,445,652
Deferred tax:		
Origination and reversal of timing differences	652,437	(298,637)
Tax on profit on ordinary activities	6,190,180	1,147,015

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NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

(b) *Factors affecting the current tax charge for the year:*
The current tax charge for the year differs from the amount computed by applying the standard rate of corporation tax in the Republic of Ireland to the profit on ordinary activities before taxation. The sources and tax effects of the differences are explained below:

	2006 €	*2005* €
Profit on ordinary activities	43,489,261	14,128,101
Profit on ordinary activities multiplied by the standard tax rate 12.5%	5,436,158	1,766,013
Effect of:		
Expenses not deductible and non-taxable income	196,847	(87,136)
Other timing differences including differences between capital allowances and depreciation and movement in restructuring provision	(704,739)	69,570
Indexation on capital gains	(1,128,114)	–
Higher tax on capital gains	1,564,181	–
Losses arising in the year not relievable against current tax	343,169	–
Higher tax rates on investment income	156,166	72,177
Manufacturing relief	(317,473)	(283,511)
Overprovision in respect of previous years	(8,452)	(91,461)
Current tax charge for the year	5,537,743	1,445,652

(c) *Factors that may affect future taxation increases*
Under present legislation, the company is subject to Irish corporation tax at a rate of 10% on profits arising from the manufacture of goods in Ireland. Manufacturing relief is due to expire in 2010.

10. PROFIT FOR THE FINANCIAL YEAR

The company has availed of exemptions set out in section 148(8) of the Companies Act, 1963 and in section 7(1A) of the Companies (Amendment) Act, 1986 from laying the company's individual profit and loss account before the annual general meeting and from filing it with the Registrar of Companies. The profit for the financial year accounted for by the company dealt with in the consolidated profit and loss account was €40,564,816 (2005: €12,932,363).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2006 (Continued)

11. INTANGIBLE ASSETS

On 16 October 2006, the group acquired MyHome Limited. The initial consideration, including stamp duty and fees, was €45,780,272. The assets and liabilities acquired and consideration paid were as follows:

	Book value at date of acquisition €	*Fair value adjustments (i)* €	*Fair value at date of acquisition* €
Tangible fixed assets	542,768	-	542,768
Intangible fixed assets - goodwill	70,745	(70,745)	-
Debtors	1,893,106	-	1,893,106
Creditors	(2,135,686)	-	(2,135,686)
Minority interests	83,361	(83,361)	-
Net assets acquired (excluding cash)	454,294	(154,106)	300,188
Goodwill arising on acquisition (iii)			47,198,179
Total cost of acquisition			47,498,367
Satisfied by			
Cash consideration (including costs)			45,780,272
Net cash acquired			(7,282,022)
Deferred consideration (ii)			9,000,117
Total cost of acquisition			47,498,367
Goodwill on acquisition			47,198,179
Amortisation			(501,163)
Closing goodwill			46,697,016

(i) *Fair value adjustments*

Preacquisition goodwill in the acquired entity has been eliminated in accordance with FRS 6. Minority interests in a subsidiary, Newaddress.ie Limited are, in the opinion of the directors, unlikely to be recovered.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

11. INTANGIBLE ASSETS (Continued)

(ii) *Deferred consideration*

The deferred consideration, which will be payable in cash, is conditional on the achievement, inter alia, of stated revenue targets for the financial years ending 31 December 2009, 2010 and 2011. The maximum amount payable (before discounting) amounts to €11,051,453.

In determining the appropriate recognition of the deferred consideration, the directors consider, based on the forecasted performance, that the full amount will be payable. In determining the fair value of the amount payable a discount rate of 5.24% was used. The discount rate was based on the prevailing loan interest rates used to finance the acquisition.

(iii) *Goodwill*

The goodwill arising on this acquisition, is being amortised evenly over its estimated economic life of 20 years which is the directors best estimate of the period over which the value of the underlying business is expected to exceed the value of its identifiable net assets.

The results of MyHome Limited for the period from its year end of 31 December 2005 to the date of acquisition and for the prior year were as follows:

	Period to 16 October 2006 €'000 (Unaudited)	*Year ended 31 December 2005 €'000*
Turnover	6,189	5,031
Operating profit	1,363	1,139
Profit on ordinary activities before taxation	1,282	1,137
Tax on profit on ordinary activities	(276)	(221)
Profit for the financial period	1,006	916
Other gains and losses		
Unrealised gain on investment	-	58
Total recognised gains and losses	1,006	974

The contributions by acquisitions to the cash flows since the date of acquisition are not material to the cash flows of the group.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

12. TANGIBLE FIXED ASSETS

	Freehold and long leasehold land and premises	*Plant & machinery*	*Motor vehicles*	*Office equipment*	*Total*
GROUP	€	€	€	€	€
Cost or valuation					
At 31 December 2005					
Cost	48,230,718	63,074,486	548,721	7,626,463	119,480,388
Valuation	2,125,542	–	–	–	2,125,542
	50,356,260	63,074,486	548,721	7,626,463	121,605,930
Additions of subsidiary undertakings	–	2,230,183	–	43,901	2,274,084
Additions during year	5,331,968	2,286,226	48,000	945,176	8,611,370
Disposals during year	(8,994,942)	(12,730,172)	(195,692)	(2,490,991)	(24,411,797)
At 31 December 2006 - at cost	46,693,286	54,860,723	401,029	6,124,549	108,079,587
Depreciation					
At 31 December 2005	7,598,052	31,800,880	548,721	7,197,195	47,144,848
Additions of subsidiary undertakings	–	1,707,574	–	23,742	1,731,316
Charged during year	1,617,998	4,784,204	3,999	339,998	6,746,199
Disposals during year	(2,494,432)	(12,727,580)	(195,692)	(2,472,594)	(17,890,298)
At 31 December 2006	6,721,618	25,565,078	357,028	5,088,341	37,732,065
Net book value at					
At 31 December 2006	39,971,668	29,295,645	44,001	1,036,208	70,347,522
At 31 December 2005	42,758,208	31,273,606	–	429,268	74,461,082

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

12. TANGIBLE FIXED ASSETS (Continued)

COMPANY	*Freehold and long leasehold land and premises*	*Plant & machinery*	*Motor vehicles*	*Office equipment*	*Total*
Cost or valuation	€	€	€	€	€
At 31 December 2005					
Cost	48,230,718	62,612,017	548,721	2,676,554	114,068,010
Valuation	2,125,542	-	-	-	2,125,542
	50,356,260	62,612,017	548,721	2,676,554	116,193,552
Additions during year	5,330,140	2,155,503		821,006	8,306,649
Disposals during year	(8,994,942)	(12,726,197)	(195,692)	(2,488,389)	(24,405,220)
At 31 December 2006 - at cost	46,691,458	52,041,323	353,029	1,009,171	100,094,981
Depreciation					
At 31 December 2005	7,598,052	31,353,490	548,721	2,657,904	42,158,167
Charged during year	1,617,704	4,763,995	-	69,314	6,451,013
Disposals during year	(2,494,432)	(12,725,649)	(195,692)	(2,471,553)	(17,887,326)
At 31 December 2006	6,721,324	23,391,836	353,029	255,665	30,721,854
Net book value at					
At 31 December 2006	39,970,134	28,649,487	-	753,506	69,373,127
At 31 December 2005	42,758,208	31,258,527	-	18,650	74,035,385

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

12. TANGIBLE FIXED ASSETS (Continued)

Capitalised leased assets – group and company
Included in the cost of plant and machinery is an amount of capitalised leased assets of €1,841,805 (2005: €1,797,077). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2006 amounted to €153,811 (2005: €148,128) and accumulated depreciation was €604,856 (2005: €456,728).

Assets under construction - group and company
Included in plant and machinery and land and premises additions are amounts of €1,164,673 (2005: €Nil) and €Nil (2005: €861,071) respectively for assets under construction.

Profit on disposal of tangible fixed assets
The profit on disposal of tangible fixed assets includes €22,269,839 relating to the disposal of the D'Olier street premises. The tax payable on this gain amounted to €3,043,000 and is included in the tax charge in the profit and loss account. The freehold and long leasehold land and premises revalued at €2,125,542 were disposed of as part of the sale.

13. FINANCIAL FIXED ASSETS

	Group		*Company*	
	2006	*2005*	*2006*	*2005*
	€	€	€	€
Investment in subsidiary undertakings *(a)*	–	–	394,598	150,899
Investment in joint venture undertaking *(b)*	1,863,548	1,246,723	4,265,600	1,350,000
Trade investments *(c)*	58,367	18,367	58,367	18,367
	1,921,915	1,265,090	4,718,565	1,519,266

(a) *Investment in subsidiary undertakings - company*

	Shares at cost	*Loans to subsidiary*	*Total*
	€	€	€
At beginning of year	3	150,896	150,899
Movement during year	101	243,598	243,699
At end of year	104	394,494	394,598

In the opinion of the directors, the value of the shares, none of which are listed, is not less than cost.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

13. FINANCIAL FIXED ASSETS (Continued)

Subsidiary undertakings:

Name	*Registered office*	*Proportion held by: company*	*subsidiary*	*Nature of business*
Itronics Limited	The Irish Times Building 24/28 Tara Street Dublin	100%	–	Electronic information and electronic publishing, training and elated services
Irish Racing Services Limited	The Irish Times Building 24/28 Tara Street Dublin 2	-	100%	Non-trading
Sharmal Limited	The Irish Times Building 24/28 Tara Street Dublin 2	100%	-	Holding Company
MyHome Limited	Prospect House 2-3 Prospect Road Glasnevin Dublin 9	-	100%	Property website
Newaddress.ie Limited	Prospect House 2-3 Prospect Road Glasnevin Dublin 9	-	65%	Property Services website
D'Olier Investments Limited	The Irish Times Building 24/28 Tara Street Dublin 2	100%	-	Holding company
Gloss Publications Limited	The Courtyard 40 Main Street Blackrock Co. Dublin	-	50%	Magazine publisher

Unless otherwise stated, all shareholdings represent interests in ordinary share capital.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

13. FINANCIAL FIXED ASSETS (Continued)

b) *Investment in Joint Venture undertaking*

	2006
	€
GROUP	
Cost	
At 1 January 2006	1,246,723
Share of retained losses	(2,228,412)
Goodwill amortisation	(70,363)
Loans	2,915,600
At 31 December 2006	1,863,548

Investment in the joint venture comprises of The Irish Times Limited's share of the assets and liabilities of Fortunegreen Limited together with the goodwill, less amortisation to date, that arose on the acquisition.

COMPANY

	Shares at cost	*Loans to joint venture*	*Total*
	€	*€*	*€*
At beginning of year	900,000	450,000	1,350,000
Additions during year	–	2,915,600	2,915,600
At end of year	900,000	3,365,600	4,265,600

Joint Venture:

Name	*Registered office*	*Proportion held by company*	*Nature of business*
Fortunegreen Limited	Embassy House Ballsbridge Dublin 4	45%	Newspaper Publishing

Unless otherwise stated, all shareholdings represent interests in ordinary share capital.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

13. FINANCIAL FIXED ASSETS (Continued)

(c) *Trade investments – group and company*

	2006	2005
Listed investments:	€	€
Reuters Holdings plc		
7,536 (2005: 7,536) Ordinary Shares of Stg2.5p each at cost	17,757	17,757
Unlisted investments:		
The Press Association Limited		
60,000 (2005: 60,000) Ordinary Shares of Stg£0.1 each at cost	610	610
Other investments	40,000	–
	58,367	18,367

The Reuters Holdings plc shares are quoted on a recognised stock exchange. The market value of the holding at 31 December 2006 was €49,660 (2005: €47,766).

14. STOCKS

	Group		Company	
	2006	2005	2006	2005
	€	€	€	€
Newsprint and materials	692,228	449,513	692,228	449,513

The replacement cost of the above categories of stock does not differ materially from their stated balance sheet values.

15. DEBTORS

	Group		Company	
	2006	2005	2006	2005
	€	€	€	€
Trade debtors	12,297,038	10,016,211	10,683,493	9,563,765
Amounts due from joint venture	91,750	102,440	91,750	102,440
Amounts due from group companies	–	–	36,371,999	–
Other debtors	59,508	23,796	47,655	22,686
Prepayments and accrued income	2,133,705	1,181,209	1,598,661	917,512
	14,582,001	11,323,656	48,793,558	10,606,403

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

16. CREDITORS (amounts falling due within one year)

	Group		Company	
	2006	*2005*	*2006*	*2005*
	€	€	€	€
Trade creditors	4,273,391	4,950,501	3,598,380	4,776,768
Tax and social welfare *(a)*	4,171,780	2,665,911	3,805,844	2,657,167
Accruals and deferred income	15,506,588	11,596,551	13,969,007	10,630,785
Amounts due to joint venture	39,352	–	39,352	–
Amounts owed to group companies	–	–	7,000,000	–
Finance lease obligations *(note 26(b))*	15,551	1,501	1,501	1,501
Bank Loan	1,800,000	–	–	–
Bank overdraft	185,012	–	–	–
	25,991,674	19,214,464	28,414,084	18,066,221

(a) *Tax and social welfare comprises:*

	Group		Company	
	2006	*2005*	*2006*	*2005*
	€	€	€	€
Value added tax	1,633,812	1,483,234	2,010,576	1,474,651
PAYE/PRSI	2,222,951	1,175,401	1,556,189	1,175,402
Corporation tax	315,017	7,276	239,079	7,114
	4,171,780	2,665,911	3,805,844	2,657,167

17. CREDITORS (amounts falling after more than one year)

	2006	*2005*
	€	€
GROUP		
Other creditors	122,850	–
Deferred consideration	9,000,117	
Finance lease obligations *(note 26(b))*	28,068	–
Bank Loan	8,200,000	–
	17,351,035	–

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NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

18. BANK FACILITIES

Certain of the group's bank facilities are secured by fixed and floating charges over certain assets and are subject to compliance with a number of general and financial covenants.

19. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP and COMPANY

	Restructuring (i)	*Ex-Gratia pensions (ii)*	*Deferred taxation (iii)*	*Total*
	€	€	€	€
At 31 December 2005	5,000,000	625,699	176,546	5,802,245
Provided during year	1,100,000	91,056	652,437	1,843,493
Utilised during year	(4,061,377)	(91,056)	–	(4,152,433)
Released during year	–	(45,557)	-	(45,557)
At 31 December 2006	2,038,623	580,142	828,983	3,447,748

(i) *Restructuring*
The provision relates primarily to redundancy costs.

(ii) *Ex-Gratia Pensions*
This provision relates to future payments to certain former employees of The Irish Times Limited. The principal actuarial assumptions used in determining the provision were a discount rate of 4.6% (2005: 4.1%) and that pension costs will increase by 4% (2005: 4%) per annum. The provision includes an amount of €191,480 (2005: €188,103), which relates to a former director of the company.

(iii) *Deferred taxation*
Represents the tax effect of timing differences between depreciation and capital allowances on fixed assets and other timing differences. The deferred tax liability consists of the following amounts:

	2006	*2005*
	€	€
Accelerated capital allowances	1,139,655	822,168
Other timing differences	(310,672)	(645,622)
	828,983	176,546

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

20. PENSION OBLIGATIONS

The company operates two defined benefit pension schemes. One of the pension schemes is specific to the company, while the other scheme is a multi-employer pension scheme, which is operated in conjunction with a subsidiary undertaking. The schemes are funded by the payment of contributions to separately administered trust funds.

For funding purposes the contributions are based on the advice of an independent professionally qualified actuary obtained at three yearly intervals. The latest full actuarial valuations of the plans were at 1 July 2003 and used the attained age method.

The actuarial reports are not available for public inspection but all relevant information is supplied to members of the plans.

The assumptions used for the purpose of FRS 17 are based on the valuation by the schemes' actuary at 1 July 2003 updated at the balance sheet date. The valuation of liabilities has been performed using the projected unit method.

The financial assumptions used to calculate schemes liabilities at 31 December are:

	2006	*2005*	*2004*
Inflation rate	2.25%	2.25%	2.25%
Rate of increase in pensionable salaries	4.0%	4.0%	4.0%
Rate of increase of pensions in payment	2.0%-2.25%	2.0%- 2.25%	2.0%- 2.25%
Discount rate	4.6%	4.1%	4.70%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2006 (Continued)

20. PENSION OBLIGATIONS (Continued)

GROUP

The market value of the assets in the schemes, the expected rate of return, and the scheme liabilities were:

	Long term rate of return 2006	*Value at 2006 €'000*	*Long term rate of return 2005*	*Value at 2005 €'000*	*Long tem rate of return 2004*	*Value at 2004 €'000*
Equities	7.10%	148,437	6.60%	129,394	7.30%	99,398
Property	6.10%	13,328	5.60%	11,840	5.30%	10,092
Bonds	3.90%	35,101	3.10%	22,327	3.80%	20,875
Other	2.50%	2,072	2.50%	5,582	3.00%	8,287
Total market value of assets		198,938		169,143		138,652
Actuarial value of liability		(224,298)		(225,860)		(178,086)
Deficit		(25,360)		(56,717)		(39,434)
Related deferred tax asset		2,735		6,083		4,199
Net pension liability		(22,625)		(50,634)		(35,235)

Analysis of amount charged to operating profit:

Amounts charged into operating profit:	*2006 €'000*	*2005 €'000*
Current service cost	6,606	4,513
Settlements and curtailments	(976)	–
	5,630	4,513

An analysis of other finance income is provided in note 6.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

20. PENSION OBLIGATIONS (Continued)

Analysis of amounts recognised in the Statement of Total Recognised Gains and Losses:

	2006 *€'000*	*2005* *€'000*
Actual return less expected return on asset	10,089	17,731
Experience gains and losses on liabilities	(25)	(2,795)
Changes in assumptions underlying the present value of the scheme liabilities	13,188	(34,807)
Actuarial gain (loss) recognised in statement of total recognised gains and losses	23,252	(19,871)

Movements in deficit during the year:	*2006* *€'000*	*2005* *€'000*
Deficit at the beginning of the year	(56,717)	(39,434)
Movement in year:		
Current service cost	(6,605)	(4,513)
Contributions	12,915	6,560
Settlements	976	–
Other finance income	819	541
Actuarial gain (loss)	23,252	(19,871)
Deficit at end of year	(25,360)	(56,717)

History of experience gains and losses	*2006* *€'000*	*2005* *€'000*	*2004* *€'000*	*2003* *€'000*	*2002* *€'000*
Difference between the expected and actual return on scheme assets:					
Amount (€'000)	10,089	17,731	4,777	4,348	(23,719)
Percentage of year-end scheme assets	5.1%	10.5%	3.4%	4%	22%
Experience gains and losses on scheme liabilities:					
Amount (€'000)	(25)	(2,795)	(662)	687	(7,500)
Percentage of the present value of the scheme liabilities	0.0%	1.2%	0.4%	0.5%	5.0%
Total amount recognised in statement of total recognised gains and losses:					
Amount (€'000)	23,252	(19,871)	(11,871)	(1,269)	(31,720)
Percentage of the present value of the scheme liabilities	10.4%	8.8%	6.6%	1%	23%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

20. PENSION OBLIGATIONS (Continued)

COMPANY

The market value of the assets in the schemes, the expected rate of return, and the scheme liabilities were:

	Long term rate of return 2006	*Value at 2006 €'000*	*Long term rate of return 2005*	*Value at 2005 €'000*	*Long tem rate of return 2004*	*Value at 2004 €'000*
Equities	7.10%	145,904	6.60%	127,313	7.30%	98,027
Property	6.10%	13,104	5.60%	11,650	5.30%	9,952
Bonds	3.90%	34,489	3.10%	21,968	3.80%	20,587
Other	2.50%	2,041	2.50%	5,487	3.00%	8,180
Total market value of assets		195,538		166,418		136,746
Actuarial value of liability		(220,253)		(222,023)		(175,516)
Deficit		(24,715)		(55,605)		(38,770)
Related deferred tax asset		2,735		6,083		4,199
Net pension liability		(21,980)		(49,522)		(34,571)

Movements in deficit during the year:	*2006 €'000*	*2005 €'000*
Deficit at the beginning of the year	(55,605)	(38,770)
Movement in year:		
Current service cost	(6,212)	(4,264)
Contributions	12,172	6,168
Settlements and curtailments	976	–
Other finance income	812	532
Actuarial gain (loss)	23,142	(19,271)
Deficit at end of year	(24,715)	(55,605)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

21. SHARE CAPITAL

	2006	2005
	€	€
GROUP AND COMPANY		
Authorised, allotted, called up and fully paid:		
500,000 ordinary shares of €1.25 each	625,000	625,000
110 preference shares of €1.25 each	138	138
	625,138	625,138

In accordance with the memorandum of association of the company, no portion of the income and property of the company can be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise, to members of the company except that the holders of all the preference shares retain their entitlement to repayment at par of the amount of capital paid up thereon (€1.25 per share) in a winding up or dissolution of the company.

The ordinary shares are non-voting shares.

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22. RECONCILIATION OF SHAREHOLDERS' FUNDS

GROUP	*Share capital*	*Revalu – ation reserve*	*Capital conversion reserve fund*	*Profit and loss account*	*Total*
	€	€	€	€	€
At beginning of year	625,138	1,362,618	9,871	39,168,776	41,166,403
Profit for financial year	–	–	–	37,399,081	37,399,081
Transfer	–	(1,362,618)	–	1,362,618	–
Net actuarial gain on defined benefit pension scheme	–	–	–	20,727,000	20,727,000
At end of year	625,138	–	9,871	98,657,475	99,292,484

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

22. RECONCILIATION OF SHAREHOLDERS' FUNDS (Continued)

COMPANY	*Share capital* €	*Revalu – ation reserve* €	*Capital conversion reserve fund* €	*Profit and loss account* €	*Total* €
At beginning of year	625,138	1,362,618	9,871	40,384,053	42,381,680
Profit for financial year	–	–	–	40,564,816	40,564,816
Transfer		(1,362,618)	–	1,362,618	–
Net actuarial gain on defined benefit pension scheme	–	–	–	20,618,000	20,618,000
At end of year	625,138	–	9,871	102,929,487	103,564,496

23. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW

	2006 €	*2005* €
Operating profit	21,566,024	13,082,963
Amortisation of intangible assets	501,163	–
Depreciation of tangible fixed assets	6,746,199	6,316,964
(Increase) decrease in stocks	(242,715)	280,860
Increase in debtors	(1,318,599)	(641,600)
Increase in creditors	2,459,791	1,619,518
(Decrease) increase in operating provisions	(10,292,934)	2,838,078
Net cash inflow from operating activities	19,418,929	23,496,783

24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006 €	*2005* €
Increase in cash	5,149,488	8,512,179
Increase in overdraft	(185,012)	-
	4,964,476	8,512,179
Increase in debt	(10,000,000)	-
Capital element of finance lease repaid	2,610	466,740
New finance lease	(44,728)	-
Movement in net funds in the year	(5,077,642)	8,978,919
Net funds at beginning of year	29,316,270	20,337,351
Net funds at end of year	24,238,628	29,316,270

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

25. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 December 2005 €	*Cash flow* €	*At 31 December 2006* €
Cash	29,317,771	5,149,488	34,467,259
Bank overdraft	–	(185,012)	(185,012)
Bank Loan	–	(10,000,000)	(10,000,000)
Finance leases	(1,501)	(42,118)	(43,619)
	29,316,270	(5,077,642)	24,238,628

26. COMMITMENTS

(a) *Capital commitments – group and company*

Capital commitments contracted for but not provided at 31 December 2006 amount to €Nil (2005: €2,119,000). Capital Commitments not contracted for and not provided at 31 December 2006 amounted to €Nil (2005: €4,187,878).

(b) *Finance leases – group and company*

	Group		*Company*	
	2006 €	*2005* €	*2006* €	*2005* €
Finance lease obligations, net of interest, are due as follows:				
Within one year	15,551	1,501	1,501	1,501
After one but within 5 years	28,068	-	-	-
	43,619	1,501	1,501	1,501

(c) *Operating leases*

The group has operating lease commitments payable in the next twelve months of €2,490,792, which expire as follows:

GROUP	*Land and buildings* €	*Other* €	*Total* €
Within one year	–	37,402	37,402
Between one and five years	30,000	343,446	373,446
In over five years	2,079,944	–	2,079,944
	2,109,944	380,848	2,490,792

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

26. COMMITMENTS (Continued)

COMPANY	*Land and buildings* €	*Other* €	*Total* €
Within one year	–	37,402	37,402
Between one and five years	–	297,730	297,730
In over five years	1,700,000	–	1,700,000
	1,700,000	335,132	2,035,132

27. CONTINGENT LIABILITIES

There were no material contingent liabilities affecting the group or the company at 31 December 2006.

28. GROUP RELATIONSHIPS AND CONTROLLING PARTIES

The company is a wholly owned subsidiary of The Irish Times Holdings, a company incorporated in the Republic of Ireland that does not prepare consolidated financial statements. The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up, and of which the company is a member, is The Irish Times Trust Limited, a company incorporated in the Republic of Ireland. The ultimate controlling party is The Irish Times Trust Limited. The consolidated financial statements of The Irish Times Trust Limited are filed in the Companies Registration Office, Parnell House, Parnell Square, Dublin 1.

29. RELATED PARTY TRANSACTIONS

The company has availed of the exemption provided in FRS 8 "Related Party Transactions" for subsidiary undertakings 90% or more of whose voting rights are controlled within the group, from the requirements to give details of transactions with entities that are part of the group or investees of the group qualifying as related parties.

During the year the group entered into transactions in the ordinary course of business with other related parties. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

	Sales to related party €	*Amounts owed by related party* €	*Amounts owed to related party* €
Fortunegreen Limited	1,396,377	91,750	9,352

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2006 (Continued)

30. SUBSEQUENT EVENTS

On 16 May 2007 the company acquired 43.8% of the share capital of Relevance Publishing Limited which is the publisher of the Lucan, Blanchardstown and Clondalkin Gazette titles.

31. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved and authorised for issue the consolidated financial statements in respect of the financial year ended 31 December 2006 on 17 May 2007.