

The Irish Times Limited

Directors' report and consolidated financial statements
for the year ended 31 December 2011

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011

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COMPANY INFORMATION

DIRECTORS

Tom Arnold
Ruth Barrington
Brian Caulfield
John Fanning
Liam Kavanagh
Kevin O'Sullivan
Eoin O'Driscoll
Gregory Sparks
Denis Staunton
David Went

SECRETARY

Peter Callan

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 2011

The directors present herewith their annual report and audited consolidated financial statements for the year ended 31 December 2011.

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND LIKELY FUTURE DEVELOPMENTS

The principal activities of the group are the printing, publishing, marketing and sale of newspapers and the operation of associated websites and other online activities.

Group turnover excluding joint ventures increased by 0.9% to €86.8M in a challenging but more stable environment. Circulation revenue increased by 2% during the year due to an increase in the cover price. Newspaper advertising revenue reduced by 4.1%, however the rate of decline eased during the year and The Irish Times retained its overall share of print advertising. The overall reduction in costs before exceptional items of 2.7% was primarily due to the restructuring programme and decreases in employment numbers and overhead costs.

The Group operating profit, before exceptional items, was €2.5M compared to an operating loss of €0.6M in 2010. The cash outflow from operating activities was €2.2M compared to a cash outflow of €2.1M in 2010 which reflects the challenging environment. The restructuring programme, the impairment of other investments and a past service credit on the pension schemes gave rise to an exceptional charge of €3.0M. The exceptional items are analysed in Note 3 to the financial statements.

The deficit on the defined benefit pension schemes as calculated under Financial Reporting Standard No.17 "Retirement Benefits" increased by €15.3M during the year. This was due primarily to an increase in the value of plan liabilities due to a reduction in bond yields. The Pensions Board approved a Section 50 proposal during 2011 which partially mitigated the increase in liabilities.

The Irish Times Limited has adopted a dual strategy of content development, both digitally and in print, alongside continuing organisational change. Significant progress has been made in the early part of 2012. The company continues to face a challenging economic environment and will continue to reduce its cost base with the objective of maintaining its cash resources. The Irish Times Limited is well placed to participate in an economic recovery and is focused on developing significant digital resources. The company continues to have no net debt.

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:

- The ongoing deterioration in general economic conditions or in advertising markets leading to reductions in revenue.
- An interruption or failure of production or information systems resulting in the potential loss of a publication.
- Any 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.
- The size of the defined benefit pension schemes relative to the size of the company and significant changes to investment returns, interest rates, inflation rates, mortality rates and regulatory changes that could affect funding requirements.

DIRECTORS' REPORT
for the year ended 31 December 2011 (Continued)

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2011

The consolidated profit and loss account for the year ended 31 December 2011 and the consolidated balance sheet at that date are set out on pages 10 and 12 respectively. The operating results for the year were an improvement on 2010 but remain disappointing. The economic climate remains challenging.

IMPORTANT EVENTS SINCE YEAR END

There have been no events since the year end which require disclosure in the financial statements.

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 during the year were Ruth Barrington, Brian Caulfield, John Fanning, Eoin O'Driscoll and David Went. 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 2011 (Continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)

The schedule below provides the detail of each director's service during the year.

Director	Position	Months in office	Remuneration	Fees
Tom Arnold	Non-Executive	12	N	(Note 1)
Ruth Barrington	Non-Executive & Chairman of The Irish Times Trust Limited	12	(Note 2)	Y
Brian Caulfield	Non-Executive	12	N	Y
John Fanning	Non-Executive	12	N	Y
Liam Kavanagh	Managing Director	12	Y	Y
Geraldine Kennedy	Editor	6	Y	Y
Eoin O'Driscoll	Non-Executive & Governor of The Irish Times Trust Limited	12	N	Y
Paul O'Neill	Deputy Editor	7	Y	Y
Kevin O'Sullivan	Editor	6	Y	Y
Gregory Sparks	Non-Executive	12	N	Y
Denis Staunton	Deputy Editor	5	Y	Y
David Went	Non-Executive Chairman	12	(Note 2)	Y

Note 1 Tom Arnold waived his director's fees.

Note 2 The chairmen of The Irish Times Limited and The Irish Times Trust Limited each receive an annual salary for their respective positions.

Note 3 Geraldine Kennedy retired as Editor of The Irish Times limited on 23 June 2011 and was replaced by Kevin O'Sullivan. Paul O'Neill resigned as Deputy Editor on 28 July 2011 and was replaced by Denis Staunton.

The average number of directors who held office during the year was 10.0 (2010: 9.5).

The average number who received executive remuneration was 3.0 (2010: 3.1).

Directors' Fees: The basis for the payment of directors' fees in 2011 was as follows:

Chairman of The Irish Times Limited, Chairman of The Irish Times Trust Limited and executive directors – €9,347 per annum (2010: €9,347).

Non-executive directors – fees amounted to €20,080 (which includes a board fee of €10,960 per annum and €9,120 per annum for service on Board sub-committees). These fees were reduced on a voluntary basis by 12.8% to €17,500 per annum with effect from 1 November 2011.

The average fee per director in 2011 was €14,411 (2010: €15,205).

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, and in the case of executive directors, performance related pay, benefit-in-kind and pension costs.

DIRECTORS' REPORT
for the year ended 31 December 2011 (Continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)

	Note	2011 €'000	2010 €'000
Salary		850	941
Performance related pay	(i)	-	-
Benefits-in-kind	(ii)	66	84
Ex Gratia payment	(iii)	-	250
		<hr/>	<hr/>
Subtotal		916	1,275
Pension current service cost		371	588
		<hr/>	<hr/>
Total		<u>1,287</u>	<u>1,863</u>

- (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. No such payments were made in 2011.
- (ii) The benefit-in-kind arrangements for executive directors relate primarily to company cars. There are no loans to directors.
- (iii) The Ex-Gratia payment in 2010 relates to an agreed commutation of pension rights accrued by the former Editor under her employment contract.

The annual salaries at 31 December 2011 for the continuing executive director positions and the non-executive chairmen were as follows:

	2011 €'000	2010 €'000
Continuing Executive Directors		
Managing Director	270	300
Editor	220	319
Deputy Editor	150	173
Non-Executive Chairmen		
The Irish Times Limited	67	87
The Irish Times Trust Limited	31	41
	<hr/>	<hr/>
Total	<u>738</u>	<u>920</u>

The salaries of the Managing Director and Non Executive chairmen were reduced on a voluntary basis to the amounts stated above with effect from 1 November 2011.

**DIRECTORS' REPORT
for the year ended 31 December 2011 (Continued)**

AUDIT COMMITTEE

The responsibilities of the committee, delegated to it by the Board, include underpinning the integrity of the financial reporting, ensuring the effectiveness of the internal control environment and ensuring adherence to good corporate governance.

During the year the external audit and tax compliance services were the subject of a competitive tender process. Following detailed presentations and submissions from a number of firms the Audit Committee selected Ernst & Young for re-appointment as auditors.

The members of the committee during the year were Tom Arnold, Ruth Barrington, Greg Sparks and David Went.

*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 Accounting Standards issued by the Accounting Standards Board and promulgated by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice 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 2012. 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

Date: 26th July 2012

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 2011 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 2012. 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.

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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.

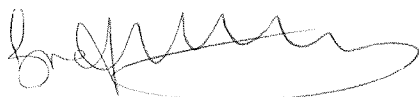
Opinion

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 at 31 December 2011 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2012.

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.

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.



Breffni Maguire
For and on behalf of Ernst & Young

Dublin

26 July 2012

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2011

	Note	2011 €	2010 €
Turnover: Group and share of joint ventures' turnover		90,883,678	89,189,903
Less: Share of joint ventures' turnover		(4,121,573)	(3,203,859)
Group turnover – continuing operations	2	86,762,105	85,986,044
Cost of sales		(58,549,056)	(58,697,565)
Gross profit		28,213,049	27,288,479
Distribution costs		(10,878,349)	(10,849,040)
Administrative expenses		(14,878,862)	(17,072,780)
Total operating expenses excluding exceptional item		(25,757,211)	(27,921,820)
Group operating profit (loss) before exceptional item		2,455,838	(633,341)
Administrative expenses - exceptional items	3	(2,967,886)	4,713,558
Group operating (loss) profit after exceptional item		(512,048)	4,080,217
Share of operating profit (loss) of joint ventures		189,229	(210,870)
Share of operating loss of associates		(64,473)	(34,264)
Amortisation of goodwill on investment in associates		(123,526)	(123,526)
Total operating (loss) profit after group share of joint venture and associates		(510,818)	3,711,557
Profit on disposal of financial fixed assets		-	47,139
Interest receivable and similar income	4	477,453	441,197
Interest payable and similar charges	5	(52,164)	(36,710)
Other finance expense	6	(1,029,000)	(2,057,000)
(Loss) profit on ordinary activities before taxation	7	(1,114,529)	2,106,183
Tax on (loss) profit on ordinary activities	9	(780,585)	(1,040,009)
(Loss) profit for the financial year	10	(1,895,114)	1,066,174

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


David Went
Director


Liam Kavanagh
Director

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2011

	<i>Note</i>	2011 €	2010 €
(Loss) profit for the financial year attributable to the shareholders		(1,895,114)	1,066,174
Actuarial (loss) gain on defined benefit pension schemes	19	(24,091,000)	4,123,000
Deferred tax on defined benefit pension schemes		2,193,000	(1,573,000)
Current tax on defined benefit pension schemes	9	820,000	1,088,000
		<u> </u>	<u> </u>
Total recognised gains and losses for the year		<u><u>(22,973,114)</u></u>	<u><u>4,704,174</u></u>

**CONSOLIDATED BALANCE SHEET
at 31 December 2011**

	Note	2011 €	2010 €
FIXED ASSETS			
Tangible assets	11	41,850,497	48,026,252
Financial assets	12		
Joint venture			
- Share of gross assets		2,648,580	1,948,390
- Share of gross liabilities		(2,511,794)	(1,788,434)
Associates		1,006,845	1,194,844
Other investments		8,730,909	9,376,032
		<u>51,725,037</u>	<u>58,757,084</u>
CURRENT ASSETS			
Stocks	13	1,111,635	1,083,012
Debtors	14	7,250,351	6,989,632
Cash at bank and in hand		10,261,285	11,504,745
		<u>18,623,271</u>	<u>19,577,389</u>
CREDITORS (amounts falling due within one year)	15	(14,050,883)	(14,310,650)
NET CURRENT ASSETS		<u>4,572,388</u>	<u>5,266,739</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>56,297,425</u>	<u>64,023,823</u>
CREDITORS (amounts falling due after more than one year)	16	(508,763)	(638,136)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(840,834)	(807,745)
PENSION OBLIGATIONS	19	(43,506,000)	(28,163,000)
		<u>11,441,828</u>	<u>34,414,942</u>
CAPITAL AND RESERVES			
Share capital	20	625,138	625,138
Capital conversion reserve fund	21	9,871	9,871
Profit and loss account	21	10,806,819	33,779,933
Shareholders' funds	21	<u>11,441,828</u>	<u>34,414,942</u>


David Went
Director


Liam Kavanagh
Director

THE IRISH TIMES LIMITED

**COMPANY BALANCE SHEET
at 31 December 2011**

	Note	2011 €	2010 €
FIXED ASSETS			
Tangible assets	11	41,597,282	47,647,246
Financial assets	12	8,731,113	9,376,236
		<u>50,328,395</u>	<u>57,023,482</u>
CURRENT ASSETS			
Stocks	13	1,111,635	1,083,012
Debtors	14	17,387,522	17,572,951
Cash at bank and in hand		10,080,875	11,441,839
		<u>28,580,032</u>	<u>30,097,802</u>
CREDITORS (amounts falling due within one year)	15	(22,002,003)	(22,319,485)
		<u>6,578,029</u>	<u>7,778,317</u>
NET CURRENT ASSETS		<u>6,578,029</u>	<u>7,778,317</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>56,906,424</u>	<u>64,801,799</u>
PROVISIONS FOR LIABILITIES AND CHARGES	18	(840,834)	(807,745)
PENSION OBLIGATIONS	19	(43,075,000)	(27,915,000)
		<u>12,990,590</u>	<u>36,079,054</u>
CAPITAL AND RESERVES			
Share capital	20	625,138	625,138
Capital conversion reserve fund	21	9,871	9,871
Profit and loss account	21	12,355,581	35,444,045
		<u>12,990,590</u>	<u>36,079,054</u>
Shareholders' funds	21	<u>12,990,590</u>	<u>36,079,054</u>



David Went
Director



Liam Kavanagh
Director

THE IRISH TIMES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2011**

	<i>Note</i>	<i>2011</i> €	<i>2010</i> €
Net cash outflow from operating activities	22	(2,216,406)	(2,113,789)
<i>Returns on investments and servicing of finance</i>			
Income from financial fixed assets received		913	14,234
Interest received		396,794	342,964
Interest paid		(51,160)	(33,993)
Interest element of finance lease payments		(999)	(2,717)
		<u>345,548</u>	<u>320,488</u>
<i>Taxation</i>			
Corporation taxation refund		674,048	26,318
Corporation taxation paid		(1,134)	-
		<u>672,914</u>	<u>26,318</u>
<i>Capital expenditure and financial investment</i>			
Purchase of tangible fixed assets		(124,715)	(135,957)
Proceeds on disposal of tangible fixed assets		10	47,135
Other investments		-	(105,900)
		<u>(124,705)</u>	<u>(194,722)</u>
<i>Acquisitions and disposals</i>			
Investment in joint venture		(50,000)	(37,381)
Repayment of loans from joint ventures		212,400	-
		<u>162,400</u>	<u>(37,381)</u>
<i>Net cash outflow before financing</i>		<u>(1,160,249)</u>	<u>(1,999,086)</u>
<i>Financing</i>			
Capital element of finance lease repaid		(9,512)	(18,970)
<i>Net cash outflow from financing</i>		<u>(9,512)</u>	<u>(18,970)</u>
Decrease in cash	23	<u><u>(1,169,761)</u></u>	<u><u>(2,018,056)</u></u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011**

1. ACCOUNTING POLICIES

(a) *Basis of preparation*

The consolidated financial statements are prepared 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).

(b) *Basis of consolidation*

The consolidated financial statements include the financial statements of The Irish Times Limited and all its subsidiaries, joint venture and associate undertakings made up to the balance sheet date.

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

The group's share of results of its associates, which are entities in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are equity-accounted from the date on which the investments are 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*

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.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

1. ACCOUNTING POLICIES (Continued)

(f) *Taxation (continued)*

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.

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 10 years is charged against operating profit on a straight line basis.

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

(h) *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at historical cost 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 10% straight line
Plant and machinery	8½% to 33½% straight line
Motor vehicles	20% straight line
Office equipment	20% to 33½% 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 retirement.

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 2011 (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, joint venture and associate undertakings are shown at cost less provisions for any impairment in value.

Other 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 2011 (Continued)**

1. ACCOUNTING POLICIES (Continued)

(f) *Pension (continued)*

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

2. SEGMENTAL INFORMATION

Turnover, loss 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 ITEMS	2011	2010
	€	€
Costs of re-organisation	3,860,374	372,691
Impairment of Joint Venture investment	50,000	(330,249)
Impairment - other investments	704,512	193,000
Loss on disposal of investment	–	161,000
Pension - past service credit	(1,647,000)	(5,110,000)
	<u> </u>	<u> </u>
Total charge (credit)	<u>2,967,886</u>	<u>(4,713,558)</u>

The costs of re-organisation comprise of redundancy costs. The tax effect of this for the year ended 31 December 2011 was a credit of €482,547 (2010: €46,587).

The past service credit is due to the approval by The Pensions Board of a Section 50 application.

4. INTEREST RECEIVABLE AND SIMILAR INCOME	2011	2010
	€	€
Interest receivable	408,132	360,007
Income from financial fixed assets other than shares in group undertakings	69,321	81,190
	<u> </u>	<u> </u>
	<u>477,453</u>	<u>441,197</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

5.	INTEREST PAYABLE AND SIMILAR CHARGES	2011	2010
		€	€
	Finance lease interest	999	2,791
	Interest on bank loans and overdrafts repayable wholly within five years - not by instalments	51,165	33,919
		<u>52,164</u>	<u>36,710</u>
		<u><u>52,164</u></u>	<u><u>36,710</u></u>
6.	OTHER FINANCE EXPENSE	2011	2010
		€	€
	Expected return on pension scheme assets	10,596,000	9,888,000
	Interest on pension scheme liabilities	(11,625,000)	(11,945,000)
		<u> </u>	<u> </u>
	Net expense	(1,029,000)	(2,057,000)
		<u><u>(1,029,000)</u></u>	<u><u>(2,057,000)</u></u>
7.	(LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2011	2010
		€	€
	The (loss) profit on ordinary activities before taxation is stated after charging (crediting):		
	<i>Directors' emoluments</i>		
	Details of directors' remuneration are included in the Directors' Report.		
	Fees	144,187	143,840
		<u>144,187</u>	<u>143,840</u>
	Remuneration:		
	Executive directors	793,131	897,342
	Ex-Gratia payment	–	250,000
	Pension costs	371,000	588,000
	Chairmen's salaries	122,942	128,027
		<u>1,287,073</u>	<u>1,863,369</u>
		<u><u>1,287,073</u></u>	<u><u>1,863,369</u></u>
	Pension paid to former director	11,776	11,776
	Auditors' remuneration – Audit of group companies	92,000	108,000
	– Other assurance services	31,000	51,000
	– Tax advisory services	54,096	60,549
	– Other non-audit services	–	–
	Amortisation of goodwill – associates	123,526	123,526
	Depreciation of tangible fixed assets	6,300,459	6,618,460
	Operating lease rentals – plant and machinery	321,316	295,748
	– other	1,856,374	1,811,520
	Operating lease rental income – other	(24,000)	(43,000)
		<u><u>(24,000)</u></u>	<u><u>(43,000)</u></u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (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:

	2011 Number	2010 Number
Printing, publishing and distribution	462	509

The aggregate payroll costs comprise:

	€	€
Wages and salaries	30,562,177	31,765,369
Social welfare costs	3,271,402	3,227,415
Pension and other related costs	881,147	(2,291,530)
	<u>34,714,726</u>	<u>32,701,254</u>

Pension and other related costs include the current service cost, past service costs and settlements & curtailments in respect of the defined benefit pension scheme, ex-gratia pension costs and professional fees incurred in managing the group pension schemes. There is a net credit in 2010 due to reductions in past service costs. These are non cash items and are due to the approval by The Pensions Board of a Section 50 Agreement and an agreement reached with employees to curtail future pension increases to a maximum of 2% per annum.

9. TAX ON (LOSS) PROFIT ON ORDINARY ACTIVITIES

	2011 €	2010 €
(a) <i>Analysis of profit and loss account charge:</i>		
Current tax:		
Tax credit on (loss) profit for the year	(39,550)	(48,410)
Underprovision in respect of prior years	135	419
	<u>(39,415)</u>	<u>(47,991)</u>
Transfer from statement of total recognised gains and losses	820,000	1,088,000
Tax charge on (loss) profit on ordinary activities	<u>780,585</u>	<u>1,040,009</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

9. TAX ON (LOSS) 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 (loss) on ordinary activities before taxation. The sources and tax effects of the differences are explained below:

	2011 €	2010 €
(Loss) profit on ordinary activities	(1,114,529)	2,106,183
(Loss) profit on ordinary activities multiplied by the standard tax rate 12.5%	(139,316)	263,273
<i>Effect of:</i>		
Expenses not deductible and non-taxable income	31,814	42,278
Impairments disallowed	94,314	44,250
Other timing differences including differences between capital allowances and depreciation and movement in provisions	210,078	170,877
Higher tax on capital gains	(57)	3,535
Losses arising in the year not relieviable against current tax	554,856	518,814
Higher tax rates on investment income	68,311	44,973
Research and development tax credit	(39,550)	(48,410)
Underprovision in respect of previous years	135	419
Current tax charge for the year	<u>780,585</u>	<u>1,040,009</u>

(c) *Factors that may affect future taxation charges*

Under present legislation, the company is subject to Irish corporation tax at a rate of 12.5% on profits. The company was liable previously at a rate of 10.0% arising from the manufacture of goods in Ireland, however this relief expired in 2010. Details of unrecognised deferred tax assets are set out in Note 18(iii).

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

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 loss for the financial year accounted for by the company dealt with in the consolidated profit and loss account was €2,219,464 (2010: profit of €1,531,579).

The fees paid to the auditors in respect of the audit of the company individual accounts in 2011 was €82,000 (2010: €98,000). In addition the auditors received fees of €17,000 and €19,328 in respect of other assurance services, and €31,096 and €32,124 in respect of tax advisory services in 2011 and 2010 respectively. The auditors did not receive any fees for non-audit services in either year. Note 7 provides additional information regarding auditors' remuneration at the consolidated level.

THE IRISH TIMES LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)

11. TANGIBLE FIXED ASSETS	Freehold and long leasehold land and premises	Plant & machinery	Motor vehicles	Office equipment	Total
GROUP	€	€	€	€	€
<i>Cost</i>					
At 31 December 2010	47,177,523	57,341,344	122,481	6,956,260	111,597,608
Additions during year	–	51,597	–	73,118	124,715
Disposals during year	–	(100,591)	(57,710)	(2,751)	(161,052)
At 31 December 2011	47,177,523	57,292,350	64,771	7,026,627	111,561,271
<i>Depreciation</i>					
At 31 December 2010	14,348,068	42,664,978	98,871	6,459,439	63,571,356
Charged during year	1,912,512	4,137,429	8,520	241,998	6,300,459
Disposals during year	–	(100,586)	(57,710)	(2,745)	(161,041)
At 31 December 2011	16,260,580	46,701,821	49,681	6,698,692	69,710,774
<i>Net book value at</i>					
At 31 December 2011	30,916,943	10,590,529	15,090	327,935	41,850,497
At 31 December 2010	32,829,455	14,676,366	23,610	496,821	48,026,252

THE IRISH TIMES LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)

11. TANGIBLE FIXED ASSETS (Continued) Freehold and long leasehold land and premises		Plant & machinery	Motor vehicles	Office equipment	Total
COMPANY		€	€	€	€
Cost					
At 31 December 2010	47,175,695	56,253,174	99,570	1,475,501	105,003,940
Additions during year	–	42,602	–	3,728	46,330
Disposals during year	–	–	(57,710)	–	(57,710)
At 31 December 2011	<u>47,175,695</u>	<u>56,295,776</u>	<u>41,860</u>	<u>1,479,229</u>	<u>104,992,560</u>
Depreciation					
At 31 December 2010	14,346,237	41,772,087	88,420	1,149,950	57,356,694
Charged during year	1,912,512	4,021,177	2,676	159,929	6,096,294
Disposals during year	–	–	(57,710)	–	(57,710)
At 31 December 2011	<u>16,258,749</u>	<u>45,793,264</u>	<u>33,386</u>	<u>1,309,879</u>	<u>63,395,278</u>
Net book value at					
At 31 December 2011	<u>30,916,946</u>	<u>10,502,512</u>	<u>8,474</u>	<u>169,350</u>	<u>41,597,282</u>
At 31 December 2010	<u>32,829,458</u>	<u>14,481,087</u>	<u>11,150</u>	<u>325,551</u>	<u>47,647,246</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

11. TANGIBLE FIXED ASSETS (Continued)

Capitalised leased assets – group

Included in the cost of plant and machinery is an amount of capitalised leased assets of €86,414 (2010: €1,863,953). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2011 amounted to €8,172 (2010: €150,668) and accumulated depreciation was €81,727 (2010: €1,241,298). Movements in relation to capitalised leased assets relate to leased assets which became the property of the group.

Included in the cost of office equipment is an amount of capitalised leased assets of €9,964 (2010: €9,864). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2011 amounted to €598 (2010: €2,602) and accumulated depreciation was €9,864 (2010: €9,266).

Included in the cost of motor vehicles is an amount of capitalised leased assets of €22,911 (2010: €22,911). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2011 amounted to €5,844 (2010: €5,844) and accumulated depreciation was €16,295 (2010: €10,451).

Capitalised leased assets – company

Included in the cost of plant and machinery is an amount of capitalised leased assets of €Nil (2010: €1,777,539). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2011 amounted to €Nil (2010: €142,203) and accumulated depreciation was €Nil (2010: €1,167,743). Movements in relation to capitalised leased assets relate to leased assets which became the property of the company.

12. FINANCIAL FIXED ASSETS

	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	€	€	€	€
Investment in subsidiary undertakings (a)	–	–	204	204
Investment in joint venture undertakings (b)	136,786	159,956	–	–
Investment in associates (c)	1,006,845	1,194,844	–	–
Other investments (d)	8,730,909	9,376,032	8,730,909	9,376,032
	<u>9,874,540</u>	<u>10,730,832</u>	<u>8,731,113</u>	<u>9,376,236</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

12. FINANCIAL FIXED ASSETS (Continued)

(a) *Investment in subsidiary undertakings - company*

	<i>Shares at cost €</i>	<i>Total €</i>
At beginning and end of year	<u>204</u>	<u>204</u>

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

Subsidiary undertakings at 31 December 2011:

<i>Name</i>	<i>Registered office</i>	<i>Proportion held by:</i>		<i>Nature of business</i>
		<i>company</i>	<i>subsidiary</i>	
Itronics Limited	The Irish Times Building 24/28 Tara Street Dublin 2	100%	-	Electronic information and electronic publishing, training and related 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
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
DigitalworX Limited	The Irish Times Building 24/28 Tara Street Dublin 2	100%	-	Website publisher

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

Subsidiary undertakings at 31 December 2011 (continued):

<i>Name</i>	<i>Registered office</i>	<i>Proportion held by: company</i>	<i>subsidiary</i>	<i>Nature of business</i>
Gazette Group Newspapers Limited	Block 3A Millbank Business park Lucan Co Dublin	-	63.80%	Newspaper publishing
Amplify Marketing Limited	The Irish Times Building 24/28 Tara Street Dublin 2	-	100%	Digital marketing company

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

(b) *Investment in Joint Venture undertakings*

	€
<i>GROUP</i>	
Cost	
At 31 December 2010	159,956
Share of profits during year	189,230
Loans refunded from Joint Ventures	(212,400)
	<hr/>
At 31 December 2011	136,786
	<hr/> <hr/>

Investment in the joint ventures comprises of (i) The Irish Times Limited's share of the assets and liabilities of Fortunegreen Limited together with the associated goodwill, less amortisation to date, and provision for impairment, and (ii) D'Olier Investments Limited's share of the assets and liabilities of Sortridge Limited and Digital Media Brokers Limited.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

Joint Ventures at 31 December 2011:

<i>Name</i>	<i>Registered office</i>	<i>Proportion held by:</i>		<i>Nature of business</i>
		<i>company</i>	<i>subsidiary</i>	
Fortunegreen Limited	Embassy House Ballsbridge Dublin 4	33.33%	-	Newspaper publishing
Sortridge Limited	2 Tivoli Tce East Dun Laoghaire Co. Dublin	-	50%	Advertising sales representation
Digital Media Brokers Limited	Prospect House 2-3 Prospect Road Glasnevin Dublin 9	-	50%	Digital sales representation

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

(c) *Investment in associates*

<i>GROUP</i>	€
Cost	
At 31 December 2010	1,194,844
Share of losses during year	(64,473)
Goodwill amortisation	(123,526)
	<hr/>
At 31 December 2011	<u>1,006,845</u>

Investment in associates comprises of The Irish Times Limited's share of the assets and liabilities of Entertainment Media Networks Limited together with the associated goodwill, less amortisation to date, that arose on the investments.

<i>Registered Name</i>	<i>Proportion held by office</i>	<i>Nature of company</i>	<i>business</i>
Entertainment Media Networks Limited	26 Great Strand Street Dublin 1	31.70%	Online entertainment 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 2011 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

(d) *Other investments*

	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	€	€	€	€
Listed investments	1,738,598	1,887,661	1,738,598	1,887,661
Unlisted investments	6,992,311	7,488,371	6,992,311	7,488,371
	<u>8,730,909</u>	<u>9,376,032</u>	<u>8,730,909</u>	<u>9,376,032</u>

Listed investments consist of shares of quoted companies on recognised stock exchanges. The market value of the holdings at 31 December 2011 was €1,738,598 (2010: €2,055,834).

The following is a schedule of the movement in value of the investments:

<i>Movements:</i>	<i>Group</i>	<i>Company</i>
	€	€
Balance 31 December 2010	9,376,032	9,376,032
Additions	90	90
Income	59,299	59,299
Impairment (note 3)	(704,512)	(704,512)
	<u>8,730,909</u>	<u>8,730,909</u>

13. STOCKS

	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	€	€	€	€
Newsprint and materials	<u>1,111,635</u>	<u>1,083,012</u>	<u>1,111,635</u>	<u>1,083,012</u>

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

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

14. DEBTORS	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	€	€	€	€
Trade debtors	5,438,082	4,894,452	4,387,824	3,973,253
Amounts due from joint venture	518,090	406,449	438,091	290,466
Amounts due from group companies	–	–	11,463,188	11,789,487
Other debtors	87,817	55,802	44,400	24,055
Corporation tax recoverable	44,561	507,060	–	458,120
Prepayments and accrued income	1,161,801	1,125,869	1,054,019	1,037,570
	<u>7,250,351</u>	<u>6,989,632</u>	<u>17,387,522</u>	<u>17,572,951</u>
	<u><u>7,250,351</u></u>	<u><u>6,989,632</u></u>	<u><u>17,387,522</u></u>	<u><u>17,572,951</u></u>
15. CREDITORS (amounts falling due within one year)	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	€	€	€	€
Trade creditors	3,181,384	4,081,594	2,753,209	3,640,503
Tax and social welfare (a)	2,326,871	2,605,007	2,077,359	2,336,333
Accruals and deferred income	7,656,028	6,557,512	7,112,741	5,884,511
Amounts due to joint venture	17,021	24,928	11,244	11,530
Amounts due to associates	137,450	236,608	137,450	236,608
Amounts owed to group companies	–	–	9,910,000	10,210,000
Finance lease obligations (note 25(a))	10,881	10,054	–	–
Bank loan	500,000	500,000	–	–
Bank overdraft	221,248	294,947	–	–
	<u>14,050,883</u>	<u>14,310,650</u>	<u>22,002,003</u>	<u>22,319,485</u>
	<u><u>14,050,883</u></u>	<u><u>14,310,650</u></u>	<u><u>22,002,003</u></u>	<u><u>22,319,485</u></u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)

15. CREDITORS (amounts falling due within one year) (Continued)

(a) Tax and social welfare comprises:

	Group		Company	
	2011 €	2010 €	2011 €	2010 €
Value added tax	1,025,790	1,456,644	904,627	1,291,398
Employment taxes	1,130,081	1,148,363	1,001,732	1,044,935
Corporation tax	171,000	-	171,000	-
	<u>2,326,871</u>	<u>2,605,007</u>	<u>2,077,359</u>	<u>2,336,333</u>

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

GROUP

	2011 €	2010 €
Other creditors	508,763	627,797
Finance lease obligations (note 25(a))	-	10,339
	<u>508,763</u>	<u>638,136</u>

17. 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.

18. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP and COMPANY

	Restructuring (i) €	Ex-Gratia pensions (ii) €	Total €
At 31 December 2010	250,000	557,745	807,745
Provided during year	3,860,374	73,768	3,934,142
Utilised during year	(3,785,068)	(115,985)	(3,901,053)
	<u>325,306</u>	<u>515,528</u>	<u>840,834</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

18. PROVISIONS FOR LIABILITIES AND CHARGES (Continued)

(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 provision includes an amount of €163,141 (2010: €162,788), which relates to a former director of the company.

(iii) *Deferred taxation*

An unrecognised deferred tax asset of €2.3M (2010: €1.5M) in respect of losses forward has not been recognised at 31 December 2011 as uncertainty exists regarding the utilisation of these losses.

19. 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 January 2010 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 January 2010 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:

GROUP

The main assumptions used by the actuary were:

	31/12/2011	31/12/2010
Rate of increase in pensionable salaries	2.00% p.a. for 8 years 3.00% p.a. thereafter	2.00% p.a. for 9 years 3.00% p.a. thereafter
Rate of increase in pension payments	1.90%	1.75% - 2.00%
Discount rate on scheme liabilities	5.00%	5.50%
Expected return on scheme assets	4.67%	5.76%

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

19. PENSION OBLIGATIONS (Continued)

Post-retirement mortality:

The number of members in the scheme and the number of deaths have been too small to analyse and produce any meaningful scheme-specific estimates of future levels of mortality. Accordingly standard tables have been used as follows:

Current pensioners at 65	108% PNML00 with CSO improvements from 2006 Age reduction -1
Future pensioners at 65	108% PNML00 with CSO improvements from 2006 Age reduction -1

The expected long term rates of return on the scheme assets were as follows:

	31/12/2011	31/12/2010
Equities	7.00%	7.00%
Bonds	3.00%	3.40%
Property	6.00%	6.00%
Other	1.00%	1.00%

The net pension liability is analysed as follows:

	At 31 December 2011 €'000	% of scheme assets	At 31 December 2010 €'000	% of scheme assets
<i>Scheme assets at fair value:</i>				
Equities	100,061	54.7%	119,539	66.7%
Bonds	63,884	34.9%	44,361	24.8%
Property	10,094	5.5%	10,274	5.70%
Other	8,886	4.9%	4,935	2.80%
Fair value of scheme assets	182,925		179,109	
Present value of scheme liabilities	(232,647)		(211,295)	
Defined benefit pension scheme deficit	(49,722)		(32,186)	
Related deferred tax asset	6,216		4,023	
Net pension liability	(43,506)		(28,163)	

The pension plan has not invested in any of the company's own financial instruments nor in properties or other assets used by the company.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

19. PENSION OBLIGATIONS (Continued)

The amounts recognised in the Profit and Loss Account and in the Statement of Total Recognised Gains and Losses for the year are analysed as follows:

Recognised in the Profit and Loss Account:

	2011 €'000	2010 €'000
Current service cost	(2,066)	(2,228)
Past service cost (note 3)	1,648	5,110
Recognised in arriving at operating loss	<u>(418)</u>	<u>2,882</u>
Expected return on pension scheme assets	10,596	9,888
Interest on pension scheme liabilities	(11,625)	(11,945)
Other finance expense	(1,029)	(2,057)
Total recognised in the profit and loss account	<u><u>(1,447)</u></u>	<u><u>825</u></u>
<i>Taken to the Statement of Total Recognised Gains and Losses:</i>	2011 €'000	2010 €'000
Actual return less expected return on scheme assets	(8,759)	9,989
Experience losses on schemes' liabilities	(15,332)	(5,866)
Actuarial gain recognised in Statement of Total Recognised Gains and Losses	<u><u>(24,091)</u></u>	<u><u>4,123</u></u>
Cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses	<u><u>(23,206)</u></u>	<u><u>885</u></u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

19. PENSION OBLIGATIONS (Continued)

Changes in the present value of the defined benefit obligations are analysed as follows:

	2011 €'000	2010 €'000
At beginning of year	211,295	201,982
Current service cost	2,066	2,228
Interest cost	11,625	11,945
Benefits paid	(8,049)	(7,703)
Actuarial loss	15,332	5,866
Past service cost amendment	(1,648)	(5,110)
Members contributions	2,257	2,380
Premiums paid	(231)	(293)
At end of year	<u>232,647</u>	<u>211,295</u>

Changes in the fair value of plan assets are analysed as follows:

	2011 €'000	2010 €'000
At beginning of year	179,109	156,973
Expected return on plan assets	10,596	9,888
Employer contribution	8,002	7,875
Benefits paid	(8,049)	(7,703)
Actuarial (loss) gain	(8,759)	9,989
Members contributions	2,257	2,380
Premiums paid	(231)	(293)
	<u>182,925</u>	<u>179,109</u>

The company expects to pay pension scheme contributions of €7,965,000 in 2012.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

19. PENSION OBLIGATIONS (Continued)

Changes in the fair value of plan assets are analysed as follows:

	2011	2010	2009	2008	2007
	€'000	€'000	€'000	€'000	€'000
Fair value of scheme assets	182,925	179,109	156,973	131,197	196,407
Present value of defined benefit obligations	(232,647)	(211,295)	(201,982)	(206,940)	(206,829)
	<u>(49,722)</u>	<u>(32,186)</u>	<u>(45,009)</u>	<u>(75,743)</u>	<u>(10,422)</u>
Experience adjustments arising on plan liabilities	<u>(15,332)</u>	<u>(5,866)</u>	<u>6,738</u>	<u>(28)</u>	<u>(4,060)</u>
Experience adjustments arising on plan assets	<u>(8,759)</u>	<u>9,989</u>	<u>16,924</u>	<u>(75,986)</u>	<u>(18,221)</u>

COMPANY

The expected long term rates of return on the scheme assets were as follows:

	31/12/2011	31/12/2010
Equities	7.00%	7.00%
Bonds	3.00%	3.40%
Property	6.00%	6.00%
Other	1.00%	1.00%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)

19. PENSION OBLIGATIONS (Continued)

The net pension liability is analysed as follows:

	<i>At 31 December 2011 €'000</i>	<i>% of scheme assets</i>	<i>At 31 December 2010 €'000</i>	<i>% of scheme assets</i>
<i>Scheme assets at fair value:</i>				
Equities	99,191	54.7%	118,650	66.8%
Bonds	63,416	34.9%	43,984	24.8%
Property	10,011	5.5%	10,192	5.7%
Other	8,828	4.9%	4,886	2.7%
	<hr/>		<hr/>	
Fair value of scheme assets	181,446		177,712	
Present value of scheme liabilities	(230,675)		(209,615)	
	<hr/>		<hr/>	
Defined benefit pension scheme deficit	(49,229)		(31,903)	
Related deferred tax asset	6,154		3,988	
	<hr/>		<hr/>	
Net pension liability	<u>(43,075)</u>		<u>(27,915)</u>	

The pension plan has not invested in any of the company's own financial instruments nor in properties or other assets used by the company.

Changes in the present value of the defined benefit obligations are analysed as follows:

	<i>2011 €'000</i>	<i>2010 €'000</i>
At beginning of year	209,615	200,484
Current service cost	2,044	2,199
Interest cost	11,532	11,855
Benefits paid	(7,992)	(7,643)
Actuarial loss	15,125	5,711
Past service cost amendment	(1,655)	(5,058)
Members contributions	2,235	2,358
Premiums paid	(229)	(291)
	<hr/>	<hr/>
At end of year	<u>230,675</u>	<u>209,615</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

19. PENSION OBLIGATIONS (Continued)

Changes in the fair value of plan assets are analysed as follows:

	2011 €'000	2010 €'000
At beginning of year	177,712	155,787
Expected return on plan assets	10,515	9,814
Employer contribution	7,935	7,811
Benefits paid	(7,992)	(7,643)
Actuarial (loss) gain	(8,730)	9,876
Members contributions	2,235	2,358
Premiums paid	(229)	(291)
	<u>181,446</u>	<u>177,712</u>

Changes in the fair value of plan assets are analysed as follows:

	2011 €'000	2010 €'000	2009 €'000	2008 €'000	2007 €'000
Fair value of scheme assets	181,446	177,712	155,787	129,777	193,013
Present value of defined benefit obligations	(230,675)	(209,615)	(200,484)	(203,363)	(203,166)
	<u>(49,229)</u>	<u>(31,903)</u>	<u>(44,697)</u>	<u>(73,586)</u>	<u>(10,153)</u>
Experience adjustments arising on plan liabilities	<u>15,125</u>	<u>5,711</u>	<u>(6,700)</u>	<u>259</u>	<u>(4,037)</u>
Experience adjustments arising on plan assets	<u>8,730</u>	<u>(9,876)</u>	<u>(14,888)</u>	<u>(73,800)</u>	<u>(17,530)</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)

20.	SHARE CAPITAL	2011	2010
		€	€
	<i>GROUP AND COMPANY</i>		
	<i>Authorised, allotted, called up and fully paid:</i>		
	500,000 ordinary shares of €1.25 each	625,000	625,000
	110 preference shares of €1.25 each	138	138
		<u>625,138</u>	<u>625,138</u>

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.

21. RECONCILIATION OF SHAREHOLDERS' FUNDS

GROUP

	<i>Share capital</i>	<i>Capital conversion reserve fund</i>	<i>Profit and loss account</i>	<i>Total</i>
	€	€	€	€
At beginning of year	625,138	9,871	33,779,933	34,414,942
Loss for financial year	–	–	(1,895,114)	(1,895,114)
Net actuarial loss on defined benefit pension scheme	–	–	(21,898,000)	(21,898,000)
Current tax on defined benefit pension scheme	–	–	820,000	820,000
At end of Year	<u>625,138</u>	<u>9,871</u>	<u>10,806,819</u>	<u>11,441,828</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)

21. RECONCILIATION OF SHAREHOLDERS' FUNDS (Continued)

COMPANY

	<i>Share capital</i> €	<i>Capital conversion reserve fund</i> €	<i>Profit and loss account</i> €	<i>Total</i> €
At beginning of year	625,138	9,871	35,444,045	36,079,054
Loss for financial year	–	–	(2,219,464)	(2,219,464)
Net actuarial gain on defined benefit pension scheme	–	–	(21,689,000)	(21,689,000)
Current tax on defined benefit pension scheme	–	–	820,000	820,000
At end of year	<u>625,138</u>	<u>9,871</u>	<u>12,355,581</u>	<u>12,990,590</u>

22. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOW	<i>2011</i> €	<i>2010</i> €
Operating (loss) profit	(512,048)	4,080,217
Profit on disposal of fixed assets	–	(47,139)
Investment impairment	754,512	23,751
Depreciation of tangible fixed assets	6,300,459	6,618,460
Increase in stocks	(28,623)	(700,439)
(Increase) decrease in debtors	(699,886)	1,538,835
Decrease in creditors	(370,903)	(2,075,001)
Decrease in operating provisions and non cash pension balances	(7,659,917)	(11,552,473)
Net cash outflow from operating activities	<u>(2,216,406)</u>	<u>(2,113,789)</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

23.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2011 €	2010 €
	Decrease in cash	(1,243,460)	(1,968,675)
	Decrease (increase) in overdraft	73,699	(49,381)
		<hr/>	<hr/>
	Capital element of finance lease repaid	(1,169,761) 9,512	(2,018,056) 18,970
		<hr/>	<hr/>
	Movement in net funds in the year	(1,160,249)	(1,999,086)
	Net funds at beginning of year	10,689,405	12,688,491
		<hr/>	<hr/>
	Net funds at end of year	<u>9,529,156</u>	<u>10,689,405</u>

24. ANALYSIS OF CHANGES IN NET FUNDS

	<i>At 31 December 2010</i> €	<i>Cash flow</i> €	<i>At 31 December 2011</i> €
Cash	11,504,745	(1,243,460)	10,261,285
Bank overdraft	(294,947)	73,699	(221,248)
Bank Loan	(500,000)	–	(500,000)
Finance leases	(20,393)	9,512	(10,881)
	<hr/>	<hr/>	<hr/>
	<u>10,689,405</u>	<u>(1,160,249)</u>	<u>9,529,156</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)

25. COMMITMENTS

(a) *Finance leases – Group*

	2011	2010
	€	€
Finance lease obligations, net of interest, are due as follows:		
Within one year	10,881	10,054
After one but within 5 years	–	10,339
	<u>10,881</u>	<u>20,393</u>

(b) *Operating leases*

The group has operating lease commitments payable in the next twelve months of €2,127,296 (2010: €2,291,828), which expire as follows:

<i>GROUP</i>	<i>Land and buildings</i>	<i>Other</i>	<i>Total</i>
	€	€	€
Within one year	–	61,384	61,384
Between one and five years	99,280	230,632	329,912
After five years	1,736,000	–	1,736,000
	<u>1,835,280</u>	<u>292,016</u>	<u>2,127,296</u>
 <i>COMPANY</i>	 <i>Land and buildings</i>	 <i>Other</i>	 <i>Total</i>
	€	€	€
Within one year	–	58,654	58,654
Between one and five years	–	214,958	214,958
After five years	1,700,000	–	1,700,000
	<u>1,700,000</u>	<u>273,612</u>	<u>1,973,612</u>

26. CONTINGENT LIABILITIES

There were no material contingent liabilities affecting the group or the company at 31 December 2011.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

27. GUARANTEES

Pursuant to the provisions of Section 17, Companies (Amendment) Act, 1986, the Company guarantees the liabilities of the following subsidiaries for the financial year ended 31 December 2011 and, as a result, those subsidiaries will be exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986:

Itronics Limited
Sharmal Limited
MyHome Limited
D'Olier investments Limited
Irish Racing Services Limited
DigitalworX Limited
Amplify Marketing Limited

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 100% 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:

	<i>Sales To related Party</i>	<i>Purchases From related Party</i>	<i>Amounts owed to related party</i>	<i>Amounts owed by related party</i>
	€	€	€	€
Fortunegreen Limited	530,818	5,011	6,064	45,771
Entertainment Media Networks Limited	75,496	8,450	137,450	-
Sortridge Limited	1,439,591	87,460	10,957	470,840
Digital Media Brokers Limited	5,699	10,052	-	1,479

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2011 (Continued)**

30. SUBSEQUENT EVENTS

There have been no events since the year end which require disclosure in the financial statements.

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 2011 on 26th July 2012.