PROFIT BEFORE TAX GROWTH OF 29.4% TO €37.4M, GROUP REVENUE GROWTH OF 0.8%

Dublin and London 4 March 2016: Independent News & Media PLC (INM ID, INM LN) today announces its full year results for the 12 months ended 31 December 2015.

KEY HIGHLIGHTS[1]

(€m except where stated)	2015	2014	Change
Total revenue	321.2	318.7	**+0.8%**
Profit before tax[2]	37.4	28.9	**+29.4%**
Operating Margin	11.8%	10.7%	**+110 bps**
Adjusted Basic EPS[2]	2.4c	1.8c	**+0.6c**
Net Cash (Debt)	59.7	(89.3)	**+149.0**
Net Assets (Liabilities)	44.5	(43.9)	**+88.4**

- **Strong profit before tax growth of 29.4% to €37.4m**
  Driven by strong digital advertising revenue growth of 41.7%, a significant reduction in interest costs and the continued focus on prudent cost management resulting in an improved operating margin.

- **Total revenue increase of 1.2% excluding GrabOne**
  Total revenue of €321.2m was up 0.8% on the prior year (+1.2% excluding GrabOne). This was driven by a growth in total advertising revenue of €2.8m (+3.4%) and increased revenue from distribution (+5.0%), offsetting a decline in circulation revenue.

- **Strengthened balance sheet, Group debt cleared**
  Strengthened balance sheet driven by divesting APN stake for €119.3m with proceeds used to clear Group debt reducing the interest charge[2] from €6.1m to €1.9m. In addition to this the Group addressed longer term issues in the industry with the closure of the printing operation in Belfast, while also improving future performance by winding down GrabOne. INM net assets were €44.5m at year end 2015 compared with net liabilities of €43.9m at year end 2014.

- **Largest weekly audience connection on the island of Ireland**
  In the Republic of Ireland, INM accounts for over 50%[3] of the quality daily market, over 65%[3] of the quality Sunday market, while the *Belfast Telegraph* continues to hold a strong No.1 position within the local daily newspaper market place in Northern Ireland and the *Sunday Life* has increased circulation market share, performing ahead of local competitors.

- **Continued multi-platform growth in traffic and reader engagement enabling digital advertising growth**
  Significant investment in platforms, audience development and commercial opportunities has contributed to the digital business profitability. Strong advertising growth included revenues from a new "native" (sponsored content) product offering, while costs were re-aligned to the business scale. Audience numbers as defined by unique visitors/month to independent.ie grew to an average of 8.9m[4], an increase of 9.7% on 2014, peaking at 10.7m in December 2015, while the app's user base grew to over 208,000 highly engaged readers.

- **Total advertising revenue growth of 3.4% to €82.9m**
  Year on year growth in total advertising revenue was achieved, with digital advertising revenue growing by a significant 41.7% to €12.5m. Growth in digital offset a decline in publishing advertising revenue in the year of 1.3%.

[1] Excludes the results of APN – sold in H1 2015 and the Education businesses – sold in June 2014.
[2] Pre-exceptionals.
[3] ABC July to Dec 2015.
[4] Per Google Analytics.

Commenting on the results, **Robert Pitt, Group Chief Executive Officer**, said: "*The Group delivered a strong performance in 2015 considering the strong headwinds the sector is experiencing. The strengthening of the recovery in Ireland's economy created a positive environment for improved business and consumer sentiment which buoyed advertising particularly. Driven by digital, increases were recorded in overall Group revenues and the company ended the year with a strong balance sheet, significantly improved profit before tax and strong cash flow. The print publishing industry continues to face challenging conditions as it faces rapid structural change, the need to invest in and improve the quality of the offer is paramount and INM is creating the conditions to do that. This strategy will support both INM and its business partners; INM's market outperformance is keeping the newspaper category alive for both publishers and retail channels. These results have been achieved through the hard work and commitment of our employees, for which we are very grateful. The indications for 2016 suggest that the existing challenging market conditions will continue in the coming year.*"

FINANCIAL HIGHLIGHTS[1]

- Profit before tax increased by 29.4% to €37.4m, driven by continued strong digital advertising revenue growth offsetting the decline in publishing advertising revenue, significantly reduced interest costs and prudent management of the cost base.

- Total revenue of €321.2m, up 0.8% on the prior year (+1.2% excluding GrabOne).

- Total advertising revenue was up 3.4% on the prior year to €82.9m.

- Digital advertising revenue growth of 41.7% to €12.5m more than offset a decline in publishing advertising revenue.

- Circulation revenue declined by 4.1%, however INM strongly outperformed the industry average. This was driven by investment into the quality of INM's titles.

- The Group ended the year with an increased cash balance of €59.7m. This result was generated primarily from a strong EBITDA performance, good working capital management, the sale of APN and reduced interest charges following the repayment of Group debt.

- Net Assets currently stand at €44.5m, versus net liabilities of (€43.9m) in the prior year.

- Group debt cleared, with interest charge[2] for 2015 reduced from €6.1m to €1.9m. No interest charge is expected in 2016 in light of the repayment of Group debt.

- The Group continued its focus on cost management, with operating costs[2] reducing by 0.5% year on year (pre-distribution down 3.0%). The Group's integration of its print and digital news operations has contributed positively to cost management.

- The Group recorded a total net exceptional gain of €40.7m in 2015, which included:
  - A €47.4m gain on sale of APN shareholding;
  - A €4.6m impairment charge; and
  - €2.1m other, including charges relating to the restructuring of the Group.

- The net retirement benefit obligation has decreased from €106.1m at 31 December 2014 to €86.1m at 31 December 2015 with the decrease driven primarily by an increase in the discount rate applicable to the various schemes and by a deficit repair contribution of €8.1m in 2015.

- The Directors are not proposing a dividend for 2015.

[1] Excludes the results of APN – sold in H1 2015 and the Education businesses – sold in June 2014.
[2] Pre-exceptionals.

OPERATIONAL HIGHLIGHTS

Publishing performance

- The *Irish Independent* continues to dominate the quality daily market with an ABC[3] of 108,460, maintaining its No.1 position in the daily quality market. It sells more copies per day than The Irish Times and Irish Examiner combined and has over 50% of the daily quality market in the Republic of Ireland. The outperformance is driven by improvements in the offer with a widened Farming offer in the *Irish Independent* Tuesday edition and 1916 supplements.

- The *Sunday Independent*, which recorded an ABC[3] of 211,856, increased its market share (now at 65.4% of the Sunday quality market) and remains by far the biggest selling quality Sunday newspaper, while also providing the largest regular audience on the island of Ireland across any advertising platform. Improvements and investment into the paper have driven its performance and it has become stand-out in its value for money rating.

- The *Sunday World* increased its share of the Sunday tabloid market to over 47% with an ABC[3] of 175,060. The paper's redesign with pull-out sports supplement and extended magazine have cemented its position as Ireland's most popular Sunday tabloid.

- In Northern Ireland, the *Belfast Telegraph* which recorded an ABC[3] of 42,808, continues to hold a strong No.1 position within the local daily newspaper market place, while the *Sunday Life* recorded an ABC[3] of 40,057, performing ahead of local competitors.

- The strong revenue performance of Newspread, the Group's wholesale distribution business, continued in H2 with its appointment as the wholesaler of The Irish Times.

- The Group announced the closure of its printing operation in Belfast reflecting the industry wide trend of reducing print volumes as consumption of news via digital channels increases, together with the ending of a key contract with a UK publisher.

Digital performance

- independent.ie strengthened its position as Ireland's No.1 online news publisher across desktop and mobile (comScore, Media Metrix Newspaper category report), having delivered 978m page impressions in 2015. sundayworld.com has also performed strongly in growing its audience and engagement.

- Monthly usage as defined by number of active users/month of the independent.ie App has grown by 29.1% from January to December.

- New developments have included the launch of independentarchives.com to enable the sale of images from an archive dating back to 1914, and Fit Magazine, a portal for mass participation sporting events.

- belfasttelegraph.co.uk, Northern Ireland's leading commercial news website, further strengthened its position in the market by increasing its audience by 28.1%, while the Group's classifieds sites, including nijobfinder.co.uk and propertynews.com maintained market leading positions.

- The wind down of GrabOne for commercial reasons was announced on 9 November 2015 and the business ceased trading at year end.

Outlook

In 2016, INM anticipates a full year performance in line with expectations.

- Ends -

[3] ABC July to Dec 2015.

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NOTE REGARDING FORWARD LOOKING-STATEMENTS

Some statements in this announcement are forward-looking. They represent our expectations for our business and involve risks and uncertainties. We have based these forward-looking statements on our current expectations and projections about future events. We believe that our expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond our control, our actual results or performance, may differ materially from those expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document and no obligation is undertaken, save as required by law or by the Listing Rules of the Irish Stock Exchange and/or the UK Listing Authority, to reflect new information, future events or otherwise.

ABOUT INDEPENDENT NEWS & MEDIA PLC

INM is a market-leading media company in the Republic of Ireland and Northern Ireland, with a strong newspaper and digital presence. INM is the largest newspaper contract printer, leading online news publisher and wholesale newspaper distributor on the island of Ireland. It manages gross assets of €199.6m and employs approximately 900 people.

INDEPENDENT NEWS & MEDIA PLC

GROUP INCOME STATEMENT

	Notes	Year Ended 31 December 2015 (Unaudited) Before Exceptional Items €m	Exceptional Items* €m	Total €m	Year Ended 31 December 2014 (Audited) Before Exceptional Items (restated) €m	Exceptional Items* (restated) €m	Total (restated) €m
Continuing operations							
Revenue	3	**321.2**	**-**	**321.2**	318.7	-	318.7
Operating costs		**(283.2)**	**(5.2)**	**(288.4)**	(284.7)	(6.4)	(291.1)
Operating profit/(loss)	4	**38.0**	**(5.2)**	**32.8**	34.0	(6.4)	27.6
Share of results of associates and joint ventures	10	**1.2**	**(0.1)**	**1.1**	0.9	0.2	1.1
		39.2	**(5.3)**	**33.9**	34.9	(6.2)	28.7
Finance income/(expense):							
- Finance income	7	**0.1**	**-**	**0.1**	0.1	1.0	1.1
- Finance expense	7	**(1.9)**	**(0.9)**	**(2.8)**	(6.1)	-	(6.1)
Profit/(loss) before taxation		**37.4**	**(6.2)**	**31.2**	28.9	(5.2)	23.7
Taxation (charge)/credit	8	**(5.2)**	**(0.5)**	**(5.7)**	(3.2)	0.7	(2.5)
Profit/(loss) for the year from continuing operations		**32.2**	**(6.7)**	**25.5**	25.7	(4.5)	21.2
Discontinued operations							
Profit/(loss) from discontinued operations (net of tax)	17	**0.5**	**47.4**	**47.9**	8.3	(25.2)	(16.9)
Profit/(loss) for the year		**32.7**	**40.7**	**73.4**	34.0	(29.7)	4.3
Profit/(loss) attributable to:							
Non-controlling interests		**(0.4)**	**0.9**	**0.5**	(0.2)	-	(0.2)
Equity holders of the Company		**33.1**	**39.8**	**72.9**	34.2	(29.7)	4.5
		32.7	**40.7**	**73.4**	34.0	(29.7)	4.3
Earnings per ordinary share (cent)							
Basic – continuing operations	9			**1.8c**			1.5c
Basic – discontinued operations	9			**3.5c**			(1.2c)
Basic	9			**5.3c**			0.3c
Diluted – continuing operations	9			**1.8c**			1.5c
Diluted – discontinued operations	9			**3.4c**			(1.2c)
Diluted	9			**5.2c**			0.3c

* Note 5

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Year Ended 31 December 2015 (Unaudited) €m	Year Ended 31 December 2014 (Audited) (restated) €m
Profit for the year	**73.4**	4.3
Other comprehensive income/(expense)		
***Items that will never be reclassified to profit or loss*:**		
Retirement benefit obligations:		
- Remeasurement gains/(losses)	**15.8**	(54.0)
- Related movement on deferred tax asset (note 16)	**(1.8)**	5.0
	14.0	(49.0)
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation adjustments – subsidiaries	**(0.1)**	0.8
Currency translation adjustments – associates (note 10)	**4.3**	3.8
Currency translation adjustments – reclassification on liquidation	**-**	2.1
Currency translation adjustments – reclassification on deemed partial disposal (note 10)	**-**	1.8
Currency translation adjustments – reclassification on disposal of associate	**(3.8)**	-
Share of other comprehensive income of associates (note 10)	**-**	0.1
Fair value reserve – reclassification on disposal of associate	**(0.7)**	-
Losses relating to cash flow hedges	-	(0.4)
Profits/(losses) relating to available-for-sale financial assets (net change in fair value)	**0.7**	(0.5)
	0.4	7.7
Other comprehensive income/(expense) for the year, net of tax	**14.4**	(41.3)
Total comprehensive income/(expense) for the year	**87.8**	(37.0)
Total comprehensive income/(expense) attributable to:		
Non-controlling interests	**0.5**	(0.2)
Equity holders of the Company	**87.3**	(36.8)
	87.8	(37.0)
Total comprehensive income/(expense) attributable to:		
Continuing operations	**40.9**	(25.8)
Discontinued operations	**46.9**	(11.2)
	87.8	(37.0)

GROUP BALANCE SHEET

	Notes	**31 December 2015 (Unaudited) €m**	31 December 2014 (Audited) (restated) €m
Assets			
Non-Current Assets			
Intangible assets	15	**44.0**	45.0
Property, plant and equipment	13	**47.8**	53.8
Investments in associates and joint ventures	10	**1.6**	69.8
Deferred tax assets	16	**17.1**	21.7
Available-for-sale financial assets		**2.0**	2.3
		112.5	192.6
Current Assets			
Inventories		**2.6**	3.3
Trade and other receivables		**24.8**	24.8
Restricted cash	14	**-**	10.0
Cash and cash equivalents	14	**59.7**	26.2
		87.1	64.3
Total Assets		**199.6**	256.9
Liabilities			
Current Liabilities			
Trade and other payables		**45.1**	45.2
Corporation tax payable		**2.4**	0.3
Borrowings	14	**-**	15.3
Provisions		**16.0**	17.6
		63.5	78.4
Non-Current Liabilities			
Borrowings	14	**-**	110.2
Retirement benefit obligations	12	**86.1**	106.1
Deferred taxation liabilities	16	**3.8**	4.2
Other payables		**1.1**	1.3
Provisions		**0.6**	0.6
		91.6	222.4
Total Liabilities		**155.1**	300.8
Net Assets/(Liabilities)		**44.5**	(43.9)
Equity			
Equity attributable to Company's equity holders			
Share capital	11	**13.9**	13.9
Share premium		**767.0**	767.0
Other reserves		**321.0**	320.2
Retained losses		**(1,057.4)**	(1,144.3)
		44.5	(43.2)
Non-controlling interests		**-**	(0.7)
Total Equity		**44.5**	(43.9)

GROUP STATEMENT OF CHANGES IN EQUITY (2015 Unaudited; 2014 Audited)

Group	Share Capital €m	Share Premium €m	Share Based Payment Reserve €m	Other Undenominated Capital €m	Currency Translation Reserve €m	Other* €m	Retained Losses €m	Equity Interest of Parent €m	Non-Controlling Interests €m	Total €m
At 1 January 2014	**202.9**	**766.6**	**10.4**	**224.2**	**(101.0)**	**0.3**	**(1,102.1)**	**1.3**	**(0.5)**	**0.8**
Total Comprehensive Income for the year										
Profit/(loss) for the year	-	-	-	-	-	-	4.5	4.5	(0.2)	4.3
Other comprehensive income/(expense)	-	-	-	-	8.5	(0.9)	(49.0)	(41.4)	-	(41.4)
Share of other comprehensive income of associates	-	-	-	-	(0.5)	0.6	-	0.1	-	0.1
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**8.0**	**(0.3)**	**(44.5)**	**(36.8)**	**(0.2)**	**(37.0)**
Attributable to owners of the Company, recognised directly in equity										
Reversal of capital raise costs	-	0.4	-	-	-	-	-	0.4	-	0.4
Transfer of share option reserve on expiry of shares	-	-	(10.4)	-	-	-	10.4	-	-	-
Cancellation of deferred shares	(189.0)	-	-	189.0	-	-	-	-	-	-
Arising within associates – transactions with associate's non-controlling interests	-	-	-	-	-	-	(8.1)	(8.1)	-	(8.1)
Total attributable to owners of the Company	**(189.0)**	**0.4**	**(10.4)**	**189.0**	**-**	**-**	**2.3**	**(7.7)**	**-**	**(7.7)**
At 1 January 2015	**13.9**	**767.0**	**-**	**413.2**	**(93.0)**	**-**	**(1,144.3)**	**(43.2)**	**(0.7)**	**(43.9)**
Total Comprehensive Income for the year										
Profit for the year	-	-	-	-	-	-	72.9	72.9	0.5	73.4
Other comprehensive income	-	-	-	-	0.4	0.7	14.0	15.1	-	15.1
Share of other comprehensive expense of associates - reclassification on disposal	-	-	-	-	-	(0.7)	-	(0.7)	-	(0.7)
Total Comprehensive Income for the year	**-**	**-**	**-**	**-**	**0.4**	**-**	**86.9**	**87.3**	**0.5**	**87.8**
Attributable to owners of the Company, recognised directly in equity										
Equity settled share based payments	-	-	0.4	-	-	-	-	0.4	-	0.4
Elimination on GrabOne wind-down	-	-	-	-	-	-	-	-	0.2	0.2
Total attributable to owners of the Company	**-**	**-**	**0.4**	**-**	**-**	**-**	**-**	**0.4**	**0.2**	**0.6**
At 31 December 2015	**13.9**	**767.0**	**0.4**	**413.2**	**(92.6)**	**-**	**(1,057.4)**	**44.5**	**-**	**44.5**

* 2015: A net €nil movement relates to a movement on available-for-sale financial assets reserve of €0.7m and the Group's share of the movement on APN's fair value reserve of (€0.7m). (2014: A negative movement of €0.3m relates to cash flow hedging reserve (€0.4m), available-for-sale financial assets reserve (€0.5m) and the Group's share of the movement on APN's fair value reserve of €0.6m).

GROUP CASH FLOW STATEMENT

	Year Ended 31 December 2015 (Unaudited)	**Year Ended 31 December 2015 (Unaudited)**	Year Ended 31 December 2014 (Audited)	Year Ended 31 December 2014 (Audited)
	€m	**€m**	€m	€m
Profit for the year	**73.4**		4.3	
Exceptional items	**(40.7)**		29.7	
Profit for the year before exceptional items	**32.7**		34.0	
Share of results of associates and joint ventures (continuing & discontinued)	**(1.7)**		(10.0)	
Finance costs (continuing & discontinued)	**1.8**		6.0	
Tax charge (continuing & discontinued)	**5.2**		3.2	
Operating profit before exceptional items (continuing & discontinued)	**38.0**		33.2	
Depreciation/amortisation	**7.4**		7.1	
Earnings Before Interest, Tax, Depreciation and Amortisation	**45.4**		40.3	
Share based payment charge	**0.4**		-	
Movement in provisions/working capital	**(4.5)**		(12.8)	
Retirement benefit obligations*	**(5.1)**		(5.5)	
Cash generated from operations (before cash exceptional items)	**36.2**		22.0	
Exceptional expenditure (see note 5)	**(0.8)**		(4.3)	
Cash generated from operations	**35.4**		17.7	
Income tax paid	**(0.5)**		-	
Cash generated by operating activities		**34.9**		17.7
Cash flows from investing activities				
Dividends received from associates and joint ventures	**0.8**		0.5	
Purchases of property, plant and equipment	**(1.9)**		(4.5)	
Purchases of intangible assets	**(1.4)**		(2.5)	
Proceeds from sale of property, plant and equipment	**0.1**		-	
Purchase of available-for-sale financial assets	**-**		(0.1)	
Purchases of/advances to associates and joint ventures	**(0.2)**		(0.6)	
Interest received	**0.1**		0.1	
Decrease in restricted cash	**10.0**		-	
Disposal of Education Businesses (net of bank balance of €0.1m)	**-**		0.5	
Disposal of APN shareholding	**119.3**		-	
Net cash generated from/(used in) investing activities		**126.8**		(6.6)

GROUP CASH FLOW STATEMENT (continued)

	Year Ended 31 December 2015 (Unaudited) €m	**Year Ended 31 December 2015 (Unaudited) €m**	Year Ended 31 December 2014 (Audited) €m	Year Ended 31 December 2014 (Audited) €m
Cash flows from financing activities				
Interest paid	**(2.1)**		(6.1)	
Repayment of borrowings**	**(125.5)**		(3.3)	
Net cash used in financing activities		**(127.6)**		(9.4)
Net increase in cash and cash equivalents and bank overdrafts in the year		**34.1**		1.7
Balance at beginning of the year		**26.2**		24.4
Foreign exchange (losses)/gains		**(0.6)**		0.1
Cash and cash equivalents and bank overdrafts at end of the year		**59.7**		26.2

* Retirement benefit obligations cash outflow for defined benefit pension schemes of €8.1m offset by a Group Income Statement charge (before exceptional items) for defined benefit pension schemes of €3.0m (2014: Retirement benefits obligation cash outflow for defined benefit pension schemes of €8.3m offset by a Group Income Statement charge (before exceptional items) for defined benefit pension schemes of €2.8m).

** Repayment of borrowings is comprised of release of escrow cash €10.0m and €115.5m repayment of debt, primarily from proceeds of disposal of APN shareholding.

NOTES TO THE FINANCIAL INFORMATION

1. Basis of Preparation of Financial Information under IFRS

Reporting Entity and Basis of Accounting

Independent News & Media PLC (“the Company”) is a company domiciled in Ireland. These condensed preliminary Group financial statements as at and for the twelve months ended 31 December 2015 comprise the financial statements of the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates and joint ventures.

This financial information has been prepared on the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due during the 12 months from the date of approval of the 2015 Annual Report, the time period that the Directors have considered in evaluating the appropriateness of the going concern basis.

Financial Information

The financial information in this announcement does not constitute the statutory financial statements of the Company and the Group, a copy of which is required to be annexed to the Company's annual return to the Companies Registration Office in Ireland. A copy of the statutory financial statements in respect of the year ended 31 December 2015 will be annexed to the Company's annual return for 2015. The annual report and financial statements will be approved by the Board of Directors by 1 May 2016. Accordingly, this financial information is unaudited. A copy of the statutory financial statements required to be annexed to the Company's annual return in respect of the year ended 31 December 2014 has been annexed to the Company’s annual return for 2014 to the Companies Registration Office. The audit opinion on these financial statements was unqualified.

The 2015 statutory financial statements of the Company will be available on the Company’s website *inmplc.com* as of 1 May 2016. Consistent with prior years, the full financial statements for the year ended 31 December 2015 and the audit report thereon will be completed and available to all shareholders at least 20 working days before the AGM.

General Information

The Group is required to present its annual consolidated financial statements for the year ended 31 December 2015 in accordance with EU adopted International Financial Reporting Standards (“IFRS”) and with those parts of the Companies Acts 2014, applicable to companies reporting under IFRS. This financial information comprises the Group Balance Sheets as at 31 December 2015 and 31 December 2014 and related Group Income Statements, Cash Flow Statements, Statements of Comprehensive Income, Statements of Changes in Equity and selected notes for the years then ended of Independent News & Media PLC. This financial information for the years ended 31 December 2015 and 31 December 2014 has been prepared in accordance with the Listing Rules of the Irish Stock Exchange.

The consolidated financial statements are prepared on the historical cost basis except for the measurement of certain financial instruments at fair value and the measurement of the net defined benefit pension liability at the fair value of the plan assets less the present value of the defined benefit obligation. Except as described below, the accounting policies and methods of computation and presentation adopted in the preparation of this financial information are consistent with those applied in the Annual Report for the year ended 31 December 2014 and are described in those financial statements on pages 65 to 79.

Except for the changes below, the Group has consistently applied the accounting policies set out below to all years presented in these consolidated financial statements.

The following new and amended standards and interpretations are effective for the Group for the first time for the financial year beginning 1 January 2015.

- Annual Improvements to IFRSs 2011-2013 Cycle
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

The aforementioned did not have a material impact on the Group.

NOTES TO THE FINANCIAL INFORMATION (continued)

1. Basis of Preparation of Financial Information under IFRS (continued)

Comparative Information

The comparative information to the financial statements has been restated as follows:

- INM's entire shareholding in APN was disposed of in 2015. Consequently, as APN is a separate major line of business, it is treated as a discontinued operation in 2015 and the Income Statement and OCI comparatives for 2014 have been reclassified accordingly (note 17).

Risks and Uncertainties

The principal risks and uncertainties facing the Group in the short to medium term, together with the principal mitigation measures, are outlined below.

(i) Print Circulation Decline

The continued industry decline in newspaper circulation, including INM titles has a material impact on the profitability of the business. Also, due to INM's vertical integration, such a decline also impacts print and distribution operations.

Circulation volumes and revenue are closely monitored against budgets and industry trends by senior management. The Group operates a continuous programme of product development and refinement, and periodic readership reviews that are carried out by third party specialists which produce a series of actions or identify potential initiatives. Marketing budgets are then aligned to target these initiatives. Daily internal reviews and weekly circulation analyses are completed to track progress and success of these initiatives. Also, the Group continues to adapt its Digital Strategy to complement its print products and has successfully transitioned its trusted brands to online platforms, such as independent.ie and belfasttelegraph.co.uk.

(ii) Print Advertising Decline

A significant proportion of the Group's revenue is derived from advertising which has historically been cyclical, with less being spent on advertising in times of economic slowdown. To the extent that economic conditions in the Group's markets (Republic of Ireland/Northern Ireland) negatively impact advertising volumes and/or yields, the Group's business, operating results, financial condition or prospects may be adversely affected.

INM has undertaken several initiatives to drive more effective relationship management between advertising sales representatives, agents and key customers, including targeted product and sales training, introduction of campaign sales teams focused on delivering value to advertising customers and investment in a cross platform advertising booking and CRM system. Advertising performance is monitored closely by senior management through continuous updates from the Advertising Director and performance reviews during the weekly management meeting.

(iii) Cost Reduction and Containment

Inability to achieve cost reduction targets to offset industry circulation revenue decline would negatively impact profits.

Cost containment across all areas of the business to protect and grow margin remains a key priority of the Group and is monitored closely by senior management and finance. Successful cost savings initiatives were implemented and targets achieved in 2015 with further reviews to the cost base being planned for completion in 2016.

NOTES TO THE FINANCIAL INFORMATION (continued)

1. Basis of Preparation of Financial Information under IFRS (continued)

Risks and Uncertainties (continued)

(iv) Cyber and Information Security

Maintaining adequate IT systems and infrastructure to support growth and development may be affected by:

- accidental exposure or deliberate theft of sensitive information;
- loss of service or system availability;
- significant system changes or upgrades; and
- cybercrime.

Dedicated IT personnel with the appropriate technical expertise are in place in the INM Group to oversee IT security. IT standards and policies are subject to internal audit and external audit reviews annually to ensure they are in line with appropriate best practices. Cyber security reviews, including penetration testing and vulnerability assessments are performed throughout the year by specialist third party technical experts to provide independent assurance.

(v) Talent Management

A failure to attract, retain or develop high quality staff and management throughout the Group could impact on the attainment of strategic objectives.

The Group maintains a constant focus on this area with structured succession planning, management development and remuneration programmes in place. In 2015 several talent initiatives were implemented, including a graduate recruitment programme, increased focus on and budget for targeted staff training, and the introduction of an INM Business Manager Programme in association with National College of Ireland to further develop management capability across the Group. These programmes are reviewed regularly by Group Human Resources, the Group Chief Executive Officer and the Board.

(vi) IT Disaster Recovery and Business Continuity

A significant loss of production capability during a disaster scenario could severely impact revenue and lead to increased costs.

Business continuity plans ("BCP") and IT disaster recovery plans ("DRP") are in place and tested throughout the year. These plans are subject to review by internal and external auditors on an annual basis. Also, individual plans are in place for individual businesses and locations where appropriate. These individual plans and testing feed into the overall Group plan.

(vii) Acquisitions and Change Management

A failure to identify, execute or properly integrate acquisitions, change management programmes or other growth opportunities could impact on profit targets and impede the strategic development of the Group.

Dedicated resources are focused on continuous and active review of potential acquisitions. They are supported by an M&A Board sub-committee made up of Board members, Executive management and external specialists. All potential acquisitions are subject to an assessment of their ability to generate a return on capital employed well in excess of the cost of capital, and for their strategic fit within the Group.
The Group conducts a stringent internal evaluation process and external due diligence prior to completing any acquisition. Projects and change management programmes are resourced by dedicated and appropriately qualified internal personnel, supported by external expertise.

NOTES TO THE FINANCIAL INFORMATION (continued)

1. Basis of Preparation of Financial Information under IFRS (continued)

Risks and Uncertainties (continued)

(viii) Digital Revenue Growth

A failure to achieve anticipated growth in digital and e-commerce revenues, and failure to adequately monitor the return on investment of the current and future digital investment could significantly impact revenue and profit targets and impede the strategic development of the Group.

INM senior management closely monitors performance of digital and e-commerce through a series of digital specific key performance indicators, such as revenue per thousand impressions, weekly online advertising spend reporting, number of unique visitors, page impressions and average time on site. In addition, weekly and monthly cost reporting is submitted to Group Finance to support monitoring of investment performance. A Digital Board sub-committee is established and operational, which monitors progress of the digital strategy. Also, a new e-commerce manager and team is in place from 2015 and developing a pipeline for e-commerce initiatives.

(ix) Litigation

Libel action or other types of litigation taken against the INM Group or its titles could result in financial loss or reputational damage.

Libel action claims are actively managed by Editorial senior management in conjunction with legal support. Rigorous investigations and disciplinary processes are carried out following any proven errors (e.g. factual errors, photo errors). In addition, several actions were taken and initiatives implemented in 2015 to mitigate the risk of libel actions occurring.

These include for example:

- A detailed Editorial Code of Practice was published and issued to all staff with specific reference to libel and factual accuracy;
- Introduction of libel training and exam requirements for all graduates. As well as training rolled-out to all existing journalists and contributors; and
- Introduction of in-house legal support with service level targets specifically related to libel actions.

(x) Data Protection Legislation

A breach in data protection legislation, which is evolving in 2016-2018, could lead to reputational and operational damage to INM.

INM’s data protection readiness and processes were subjected to detailed review in 2014 and 2015 by third party subject matter specialists. Several actions and initiatives were undertaken in 2015 following on from this review, including the designation of a Group Data Protection Officer, designation and training of a data protection champion’s network consisting of individuals from each function and business unit, and the development and implementation of an updated suite of INM Group data protection policies and procedures.

2. Financial Restructuring

As part of the disposal of South African operations in August 2013, the Group gave standard warranties with a total potential exposure of R200m (€14.3m as at 31 December 2014). €10.0m of the proceeds were retained in an Escrow account (with this amount classified as restricted cash in the Group Balance Sheet) pending any potential warranty claims for a period of 12 to 24 months post completion (24 months if certain pre-existing industry wide competition commission enquiries were still open after 12 months). In early 2015, the Group signed a Settlement Agreement with the purchasers of the South African business to pay the euro equivalent of R85m (€6.6m) in full and final settlement of all warranties and industry wide competition commission enquiries. The residual balance of €3.4m in the Escrow account was paid to the banking syndicate with a consequential reduction of €10.0m in Escrow debt in line with the Escrow Agreement.

NOTES TO THE FINANCIAL INFORMATION (continued)

2. Financial Restructuring (continued)

On 19 March 2015, the Group announced that it had entered into an agreement with Credit Suisse (Australia) Limited ("Credit Suisse") in respect of the sale, by way of an underwritten block trade, of 191,541,073 ordinary shares in APN, being the entire holding of the Group in APN (representing 18.61% of the issued share capital of APN).

Under the terms of the agreement giving effect to the sale (the "Sale Agreement"), Credit Suisse agreed to acquire, or procure the acquisition by third party purchasers of, all of the Group shareholding in APN at a fixed price per APN ordinary share ("APN Share") of AUD$0.88. All of the net proceeds of the transaction were applied to repay INM Group indebtedness (being €125.5m total borrowings (Net Debt: €89.3m) as at 31 December 2014) in full.

3. Revenue

An analysis of the Group's revenue from continuing operations for the year is as follows:

	2015	2014
	€m	€m
Newspaper advertising revenues	**70.4**	71.3
Online advertising revenues	**12.5**	8.8
GrabOne revenues	**1.8**	3.1
Revenue from sale of newspapers and magazines	**101.1**	105.4
Revenue from distribution/commercial printing activities	**135.4**	130.1
	321.2	318.7

4. Segmental Reporting

Segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM has been identified as the Board of Directors. The key performance measure that is reviewed for these segments is operating profit/(loss) before exceptional items. Exceptional items are reviewed at a level higher than these operating segments and appear as a reconciling item from the key performance measure reviewed by the CODM to the IFRS result. Finance income and expense, share of results of associates and joint ventures and taxation are reviewed and considered by the CODM at a Group level only.

INM's entire shareholding in APN was disposed of in 2015. Consequently, as APN is a major line of business, it is treated as a discontinued operation in 2015 and the 2014 comparatives have been reclassified accordingly. The Group disposed of its Education Businesses in June 2014, and accordingly the Island of Ireland Non-Publishing segment is included under discontinued operations.

NOTES TO THE FINANCIAL INFORMATION (continued)

4. Segmental Reporting (continued)

	Revenue (3rd Party)				Operating Profit/(Loss) (Before Exceptional Items)			
	2015	**2015**	2014 (restated)	2014 (restated)	**2015**	**2015**	2014 (restated)	2014 (restated)
	€m	**€m**	€m	€m	**€m**	**€m**	€m	€m
Continuing Operations:								
Island of Ireland – Publishing	**321.2**		318.7		**44.0**		38.1	
Central costs	**-**		-		**(6.0)**		(4.1)	
Total – Continuing operations		**321.2**		318.7		**38.0**		34.0
Discontinued Operations:								
Island of Ireland – Non-Publishing	**-**		2.9		**-**		(0.8)	
APN	**-**		-		**0.5**		9.1	
Total – Discontinued operations		**-**		2.9		**0.5**		8.3
		321.2		321.6		**38.5**		42.3

	Continuing Operations	
	2015	2014 (restated)
	€m	€m
Total operating profit before exceptional items	**38.0**	34.0
Operating exceptionals	**(5.2)**	(6.4)
Share of results of associates and joint ventures (post exceptionals)	**1.1**	1.1
Net finance costs (post exceptionals)	**(2.7)**	(5.0)
Taxation charge (post exceptionals)	**(5.7)**	(2.5)
Profit for the year from continuing operations (post exceptionals)	**25.5**	21.2

NOTES TO THE FINANCIAL INFORMATION (continued)

5. Exceptional Items

Exceptional items are those items of income and expense that the Group considers are material and/or of such a nature that their separate disclosure is relevant to a better understanding of the Group's financial performance.

		2015 €m	2014 (restated) €m
Included in profit/(loss) before taxation are the following:			
Continuing operations:			
Restructuring charges	(i)	**(0.6)**	(6.4)
Exceptional finance (expense)/income (note 7)	(ii)	**(0.9)**	1.0
		(1.5)	(5.4)
Share of associates' and joint ventures' exceptional items (net of tax and non-controlling interests)	(iii)	**(0.1)**	0.2
Impairments	(iv)	**(4.6)**	-
Net exceptional tax (charge)/credit (note 8)	(v)	**(0.5)**	0.7
Continuing operations – exceptional items net of taxation		**(6.7)**	(4.5)
Discontinued operations:			
Loss on sale of assets (note 17)	(vi)	**-**	(0.5)
Loss on deemed partial disposal of associate	(vii)	**-**	(16.7)
Gain on sale of associate	(viii)	**47.4**	-
Restructuring charges	(ix)	**-**	(8.0)
Discontinued operations – exceptional items net of taxation		**47.4**	(25.2)
Total – exceptional items net of taxation and non-controlling interests *		**40.7**	(29.7)

* Of the exceptional gain of €40.7m in 2015, €0.8m is shown as an exceptional expenditure outflow in the Group Cash Flow Statement. The €0.8m primarily relates to miscellaneous restructuring costs partially offset by a termination payment received from the cessation of a printing contract. Of the exceptional charge of €29.7m in 2014, €4.3m is shown as an exceptional expenditure outflow in the Group Cash Flow Statement. The €4.3m primarily relates to miscellaneous restructuring costs (primarily redundancy costs of €3.6m) in the Island of Ireland.

(i) 2015

Primarily relates to the following:

(a) A charge of €0.9m related to miscellaneous restructuring costs, primarily redundancy costs in the Island of Ireland; and

(b) A retirement benefits accounting adjustment of €0.3m due to the transfer of certain members from the defined benefit plan to the Company's defined contribution plan (note 12). This comprises a €0.5m exceptional settlement gain on the transfers out by members, somewhat offset by an exceptional charge of €0.2m on the booking of a liability for payments to the defined contribution pension scheme in respect of those members.

2014

Primarily relates to the following:

(a) A charge of €9.3m related to miscellaneous restructuring costs, primarily redundancy costs in the Island of Ireland;

(b) A retirement benefits accounting adjustment of €3.5m due to the transfer of certain members from the defined benefit pension plan to the Company's defined contribution pension plan (note 12). This comprises a €9.3m exceptional gain on the transfers out by members, somewhat offset by an exceptional charge of €5.8m on the booking of a liability for payments to the defined contribution pension scheme in respect of those members; and

(c) A net charge of €0.6m relating to the liquidation of a Group entity, Independent Aviation Services Limited. This includes a €2.1m charge recycled from foreign currency translation reserves to the Group Income Statement as an exceptional charge as the company involved was a USD denominated entity and a €1.5m gain on the early settlement of an onerous contract booked in this entity.

(ii) 2015

Relates to a charge of €0.9m due to the reclassification to the Group Income Statement of a negative fair value reserve on an available-for-sale financial asset. This comprises a reclassification relating to a €0.7m opening balance in fair value reserve and a €0.2m movement during the year.

NOTES TO THE FINANCIAL INFORMATION (continued)

5. Exceptional Items (continued)

2014
Relates to a €1.0m gain on the write-off of Anti-dilution bank debt, which did not fall due in accordance with the terms of the 2013 Restructuring. In connection with the 2013 debt restructuring, €1.0m remained outstanding subject to the satisfaction of certain criteria by the Group. These criteria were met in 2014, resulting in the write-off of €1.0m in debt.

(iii) 2015
The share of associates' and joint ventures' exceptional items (net of tax and non-controlling interests) charge of €0.1m relates to redundancies in Independent Star Limited.

2014
The share of associates' and joint ventures' exceptional items (net of tax and non-controlling interests) credit of €0.2m can be broken down as follows:
(a) Independent Star Limited – redundancies of €0.4m; and
(b) A net credit of €0.6m.

(iv) 2015
Primarily relates to the following:
(a) A charge of €1.7m relating to miscellaneous impairments and write-offs of property, plant and equipment and intangible assets in the Republic of Ireland;
(b) A charge of €1.7m relating to the write-down of property, plant and equipment in the Belfast operations; and
(c) A charge of €1.2m relating to the impairment of the Belfast Telegraph masthead.

(v) 2015
Relates to a net charge of €0.5m classified as exceptional tax. The exceptional tax charge in 2015 primarily relates to a tax charge of €0.4m arising on the release of a deferred tax asset on foreign losses and a tax charge of €0.1m arising on exceptional expenses in the Republic of Ireland.

2014
Relates primarily to a tax credit of €1.1m arising on exceptional restructuring charges in the Republic of Ireland of €9.3m and a tax charge of €0.4m arising on an exceptional pension restructuring accounting adjustment of €3.5m in the Republic of Ireland.

(vi) 2014
Relates to the loss on disposal of the Educational Businesses (see note 17).

(vii) 2014
Relates to the non-cash exceptional accounting adjustment relating to the deemed partial disposal loss arising from INM's non-participation in APN's equity issue in 2014 (note 10).

(viii) 2015
Relates to the gain on disposal of the Group's entire shareholding in APN (see note 17).

(ix) 2014
Relates to APN €8.0m exceptional charge, which mainly relates to an impairment of intangible assets (€6.3m).

6. Fair Value

The fair values of quoted available-for-sale financial assets and derivative financial instruments are measured using market values. Unquoted available-for-sale financial assets and derivatives are measured using valuation techniques. The carrying amount of non interest bearing financial assets and financial liabilities and cash and cash equivalents approximates their fair values. The Group has not disclosed the fair value of certain financial instruments such as other payables, short-term receivables and short term payables because their carrying amounts are a reasonable approximation of fair value.

Of the available-for-sale financial assets of €2.0m (2014: €2.3m), €0.9m (2014: €1.2m) are measured at Level 1 of the fair value hierarchy and €1.1m (2014: €1.1m) are measured at Level 3 of the fair value hierarchy.

The derivative financial instruments – cash flow hedges of €nil (2014: €nil) are measured at Level 2 of the fair value hierarchy.

NOTES TO THE FINANCIAL INFORMATION (continued)

7. Net Finance Costs

	2015 €m	2014 €m
Finance income	**0.1**	0.1
Finance costs	**(1.9)**	(6.1)
Net finance costs (before exceptional finance items)	**(1.8)**	(6.0)
Exceptional finance (expense)/income (note 5)	**(0.9)**	1.0
Net finance costs	**(2.7)**	(5.0)

During 2015, an exceptional finance charge of €0.9m was booked relating to the reclassification to the Group Income Statement of a negative fair value reserve on an available-for-sale financial asset. This was due to a sustained period of negative movements in the market value of the financial asset.

During 2014, the Group credited to exceptional finance income in the Group Income Statement the €1.0m of Anti-dilution debt as this amount did not fall due in accordance with the terms of the 2013 debt restructuring. In connection with the 2013 debt restructuring, €1.0m remained outstanding subject to the satisfaction of certain criteria by the Group. These criteria were met in 2014, resulting in the write-off of €1.0m in debt.

NOTES TO THE FINANCIAL INFORMATION (continued)

8. Taxation

(a) Amounts recognised in profit or loss

	2015 €m	2014 €m
Current tax:		
Current year	**2.7**	0.4
Adjustment for prior year	**(0.1)**	-
	2.6	0.4
Deferred tax:		
Origination and reversal of temporary differences	**1.1**	1.7
Release of deferred tax asset on defined benefit schemes	**0.6**	1.7
Deferred tax asset arising on provision for defined contribution scheme payments	**-**	(0.7)
Charge/(credit) in respect of tax losses	**0.8**	(0.6)
Impact of change in tax rates (on deferred tax asset)	**0.6**	-
	3.1	2.1
Taxation charge on continuing operations	**5.7**	2.5

(b) Amounts recognised in OCI

	2015 €m	2014 €m
Deferred tax (charge)/credit on retirement benefit obligation remeasurements	**(1.8)**	5.0

(c) Reconciliation of effective tax rate

The total tax charge for the year is different from the standard rate of Corporation Tax in Ireland of 12.5% (2014: 12.5%). The differences are explained below:

	2015 €m	2014 (restated) €m
Profit before taxation	**31.2**	23.7
Share of results of associates and joint ventures	**(1.1)**	(1.1)
Profit/(loss) of Company and subsidiary undertakings before taxation	**30.1**	22.6
Profit of Company and subsidiary undertakings before taxation multiplied by standard rate of Corporation Tax in Ireland of 12.5% (2014: 12.5%)	**3.8**	2.8
Effects of:		
Changes in tax rates	**0.6**	-
Income/expense subject to higher rate of tax than Irish statutory rate	**-**	0.1
Exceptional items	**0.7**	-
Release of deferred tax asset	**2.2**	1.0
Adjustment in respect of prior periods	**0.2**	-
Other differences	**(1.8)**	(1.4)
	5.7	2.5

For further information on movement in deferred tax assets in 2015, see note 16.

Within the total tax charge of €5.7m (2014: charge of €2.5m), a net charge of €0.5m (2014: net credit of €0.7m) is classified as exceptional tax. The exceptional tax charge in 2015 primarily relates to a tax charge of €0.4m arising on the release of a deferred tax asset on foreign losses and a tax charge of €0.1m arising on exceptional expenses in the Republic of Ireland. The exceptional tax credit in 2014 primarily relates to a tax credit of €1.1m arising on exceptional restructuring charges in the Republic of Ireland of €9.3m and a tax charge of €0.4m arising on an exceptional pension restructuring accounting adjustment of €3.5m in the Republic of Ireland.

NOTES TO THE FINANCIAL INFORMATION (continued)

9. Earnings/(Loss) Per Share

	2015	**2015**	**2015**	2014	2014	2014
	€m	**€m**	**€m**	€m	€m	€m
	Continuing	**Discontinued**	**Total**	Continuing (restated)	Discontinued (restated)	Total (restated)
Profit/(loss) attributable to ordinary shareholders						
Profit/(loss) attributable to the equity holders of the Company (basic and diluted)	**25.0**	**47.9**	**72.9**	21.4	(16.9)	4.5
Exceptional items (note 5)	**7.6**	**(47.4)**	**(39.8)**	4.5	25.2	29.7
Profit/(loss) before exceptional items attributable to the equity holders of the Company (adjusted)	**32.6**	**0.5**	**33.1**	25.9	8.3	34.2

	2015	**2015**	**2015**	2014	2014	2014
Weighted average number of shares						
Weighted average number of shares outstanding during the year (excluding 5,597,077 treasury shares)			**1,386,547,375**			1,386,547,375
Impact of share options			**3,075,592**			-
Diluted number of shares			**1,389,622,967**			1,386,547,375
Basic earnings/(loss) per share	**1.8c**	**3.5c**	**5.3c**	1.5c	(1.2c)	0.3c
Basic earnings per share before exceptional items	**2.4c**	**-**	**2.4c**	1.8c	0.6c	2.4c
Diluted earnings/(loss) per share	**1.8c**	**3.4c**	**5.2c**	1.5c	(1.2c)	0.3c
Diluted earnings per share before exceptional items	**2.3c**	**-**	**2.3c**	1.8c	0.6c	2.4c

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options are the Company's only category of dilutive potential ordinary shares.

Employee share options are contingently issuable shares because of the requirement to satisfy specific performance and service conditions. These contingently issuable shares are included in the computation of diluted earnings per ordinary share to the extent that the conditions were satisfied as at the end of the reporting period.

At 31 December 2015, 581,220 options (2014: 668,201) were excluded from the diluted weighted average number of ordinary shares calculation because their effect is anti-dilutive.

Basic and diluted earnings per share before exceptional items are presented in order to give a better understanding of the Group's underlying financial performance.

10. Investments in Associates and Joint Ventures

	2015 €m	2014 €m
Associates		
At 1 January	**69.1**	87.0
Purchases of/advances to associates	**0.2**	0.1
Disposal	**(73.5)**	-
Share of results	**0.5**	1.1
Arising on transactions with associates non-controlling interest*	**-**	(8.1)
Deemed partial disposal**	**-**	(14.9)
Share of other comprehensive income of associates	**-**	0.1
Exchange movements	**4.3**	3.8
At 31 December* **	**0.6**	69.1

	2015 €m	2014 €m
Joint Ventures		
At 1 January	**0.7**	0.2
Purchases of/advances to joint ventures	**-**	0.5
Impairment of joint ventures (note 5)	**-**	(0.6)
Share of results	**1.1**	1.1
Dividends	**(0.8)**	(0.5)
At 31 December	**1.0**	0.7

* Relates to the Group's share of the premium paid by APN on its acquisition of non-controlling interests.

** Relates to the deemed partial disposal of APN. A further €1.8m was reclassified from foreign currency translation reserves giving a loss on deemed disposal of associates in the Group Income Statement of €16.7m.

*** The closing balance in 2014 primarily related to the Group's 18.61% investment in APN.

(i) Carrying Amount

	2015 €m	2014 €m
Associates****	**0.6**	69.1
Joint Ventures	**1.0**	0.7
	1.6	69.8

The reporting year end dates of the Group's associates and joint ventures are the same as the Group's reporting year end date.

**** Of the €0.6m in 2015, €nil relates to APN and €0.6m to Click & Go. Of the €69.1m in 2014, €68.7m relates to APN and €0.4m to Click & Go.

NOTES TO THE FINANCIAL INFORMATION (continued)

10. Investments in Associates and Joint Ventures (continued)

(ii) Associates

The summarised financial information in the table below relates solely to APN. The closing balance for year end 31 December 2015 for associates of €0.6m relates to Click & Go.

	2015 €m	2014 €m
Percentage ownership interest	**-**	18.61%
Group		
Current assets	**-**	124.8
Non-current assets	**-**	636.9
Current liabilities	**-**	(89.1)
Non-current liabilities	**-**	(354.1)
Net Assets (100%)	**-**	318.5
Non-controlling interests	**-**	(23.6)
Parent entity interest	**-**	294.9
Group's share	-	54.9
Goodwill	**-**	14.2
Group's carrying amount of associates (including goodwill arising on acquisition)	-	69.1

Revenue	**118.3**	572.5
Profit from continuing operations	**3.2**	11.3
Post tax profit/(loss) from discontinued operations	**-**	1.7
Other comprehensive (expense)/income	**-**	(1.8)
Non-controlling interest	**(0.6)**	(5.0)
Total comprehensive income	**2.6**	6.2
Group's share of associates' total comprehensive income	**0.5**	1.2

In 2014, the Group held an 18.61% shareholding in APN, an ASX listed publishing and radio network operating entity that operates mainly in Australia and New Zealand. The investment was accounted for using the equity method.

Even though the Group held less than 20% of the voting rights of APN, it was judged that the Group had significant influence over APN, as Paul Connolly was a director of both INM and APN, and Vincent Crowley (former Group Chief Executive Officer of INM) was a director of APN.

The market value of the Group's interests in associates, which were stock exchange quoted as at 31 December 2014, was €107.9m, all of which related to APN.

NOTES TO THE FINANCIAL INFORMATION (continued)

10. Investments in Associates and Joint Ventures (continued)

(iii) Joint Ventures

Summarised financial information in respect of the Group's share of its joint ventures is set out below:

	2015 €m	2014 €m
Group		
Current assets	**3.3**	4.3
Non-current assets	**2.5**	1.6
Current liabilities	**(3.9)**	(4.6)
Non-current liabilities	**-**	-
Net Assets (100%)	**1.9**	1.3
Group's share	**1.0**	0.7
Group's carrying amount of joint ventures	**1.0**	0.7
Revenue	**21.3**	25.6
Profit from continuing operations	**2.1**	2.8
Total comprehensive income	**2.1**	2.8
Group's share of joint ventures' total comprehensive income	**1.1**	1.1

11. Share Capital and Share Premium

	2015 €m	2014 €m
Group and Company		
Authorised:		
7,000,000,000 ordinary shares of €0.01 each	**70.0**	70.0
556,015,358 deferred shares of €0.34 each	**189.0**	189.0
	259.0	259.0
Issued and fully paid:		
1,392,144,452 ordinary shares of €0.01 each	**13.9**	13.9
	13.9	13.9

During 2014, the Company acquired all of the 550,418,281 Deferred Shares of €0.34 each in the capital of the Company in issue (that is, excluding the Deferred Shares held in treasury) otherwise than for valuable consideration, cancelled such Deferred Shares and reduced the amount of the Company's share capital by the nominal value of the Deferred Shares so acquired. The Company also cancelled the 5,597,077 Deferred Shares of €0.34 each held in treasury by the Company.

In 2014, the Company booked a €0.4m credit to share premium in relation to the reversal of capital raise costs.

12. Retirement Benefit Obligations

The Group operates defined benefit and defined contribution pension schemes. The pension scheme assets are held in separate trustee administered funds. A summary of the Group's net liabilities in respect of these schemes is set out below:

	2015 ROI €m	**2015 NIRE €m**	**2015 Total €m**	2014 ROI €m	2014 NIRE €m	2014 Total €m
Total fair value of assets	**82.4**	**52.8**	**135.2**	76.2	51.5	127.7
Present value of defined benefit scheme liabilities	**(138.7)**	**(76.8)**	**(215.5)**	(152.3)	(75.9)	(228.2)
Net defined benefit pension liability	**(56.3)**	**(24.0)**	**(80.3)**	(76.1)	(24.4)	(100.5)
Present value of defined contribution scheme liabilities	**(5.8)**	**-**	**(5.8)**	(5.6)	-	(5.6)
Retirement Benefit Obligations	**(62.1)**	**(24.0)**	**(86.1)**	(81.7)	(24.4)	(106.1)

Group Income Statement

The amounts recognised in the Group Income Statement in respect of all pension schemes are as follows:

	2015 €m	2014 €m
Service cost:		
- Net interest/administration cost relating to defined benefit pension schemes (excluding exceptional items)	**3.0**	2.8
- Interest cost on defined contribution pension scheme liabilities (excluding exceptional items)	**0.1**	-
- Current service cost relating to defined contribution pension schemes (excluding exceptional items)	**2.9**	3.0
Total recognised in the Group Income Statement (excluding exceptional items)	**6.0**	5.8
Accounting adjustments on settlements (all schemes)	**(0.3)**	(3.5)
Total recognised in Group Income Statement – all schemes (including exceptional items)	**5.7**	2.3

NOTES TO THE FINANCIAL INFORMATION (continued)

12. Retirement Benefit Obligations (continued)

Defined Benefit Pension Schemes

Group Income Statement

	2015 €m	2014 €m
Interest cost on scheme liabilities	**6.2**	6.8
Interest income on scheme assets	**(3.7)**	(4.6)
Net interest expense	**2.5**	2.2
Administration expenses	**0.5**	0.6
Total included in defined benefit expense (excluding exceptional items)	**3.0**	2.8
Accounting adjustment on settlements	**(0.5)**	(9.3)
Total included in exceptional items	**(0.5)**	(9.3)
Total included in Group Income Statement (including exceptional items)	**2.5**	(6.5)

Based on the assumptions employed for the valuation of assets and liabilities as at 31 December 2015, the net charge in the Group Income Statement in the year ending 31 December 2016 (excluding the exceptional item above) is expected to be broadly in line with the current year figures.

Group Other Comprehensive Income

Remeasurements recognised in Other Comprehensive Income are as follows:

	2015 €m	2014 €m
Return on scheme assets excluding interest income	**3.0**	(10.0)
Experience variations	**(3.7)**	3.9
Actuarial loss from changes in demographic assumptions	**-**	2.5
Actuarial (gain)/loss from changes in financial assumptions	**(15.1)**	57.6
Total (gain)/loss included in Other Comprehensive Income	**(15.8)**	54.0

Cumulatively since transition to IFRS on 1 April 2004, €187.5 million has been recognised as a charge in the Group Statement of Comprehensive Income.

The discount rates used were as follows:

	2015	2014
ROI schemes	**2.65%**	2.20%
NIRE scheme	**3.80%**	3.50%

NOTES TO THE FINANCIAL INFORMATION (continued)

13. Other items

(a) **Statement of Comprehensive Income**

A positive currency translation adjustment of €0.4m (€0.5m relating to associates and (€0.1m) relating to subsidiaries) has been recognised in the Group Statement of Comprehensive Income as at 31 December 2015 (2014: a gain of €0.8m relating to subsidiaries, a gain of €3.8m relating to associates, a positive €2.1m due to the liquidation of the USD denominated Group entity, Independent Aviation Services Limited, and a positive €1.8m reclassification relating to a deemed partial disposal of APN). The positive currency translation adjustment of €0.5m comprises a positive adjustment of €4.3m due to the strengthening of the Australian Dollar exchange rate during the period to the date of disposal compared to the rate at 31 December 2014 used in the translation of the Group's investments in associates with a functional currency different to that of the Parent Company and a negative adjustment of €3.8m which has arisen due to the reclassification of the APN related foreign currency translation reserve balance to the Group Income Statement on the disposal by the Group of its entire shareholding in APN. See note 17 for further details on the disposal of APN. The negative currency translation adjustment of €0.1m has arisen primarily due to the weakening of the Australian Dollar exchange rate at 31 December 2015 compared to the rate at 31 December 2014 used in the translation of the Group's investments in subsidiaries with a functional currency different to that of the Parent Company.

(b) **Property, Plant and Equipment**

The carrying amount of the Group's property, plant and equipment decreased by €6.0m from €53.8m at 31 December 2014 to €47.8m at 31 December 2015. This decrease is driven primarily by a depreciation charge of €3.9m, impairments of €2.7m, a reclassification to intangible assets of €1.9m, disposals of €0.1m, somewhat offset by additions of €1.9m and a positive foreign exchange movement of €0.7m.

14. Borrowings

Group	**2015 €m**	2014 €m
Repayable as follows:		
Between one and two years	-	(12.3)
Between two and five years	-	(97.9)
Total due after one year	-	(110.2)
Due within one year or on demand:		
- Loans & Finance Lease liabilities*	-	(15.3)
Total borrowings	-	(125.5)
Split of total borrowings between:		
- Secured	-	(125.5)
- Unsecured	-	-
Total borrowings	-	(125.5)
Cash and cash equivalents**	**59.7**	26.2
Restricted cash (see note 2)	-	10.0
Net cash/(debt)	**59.7**	(89.3)

* In 2014, the amount comprises mainly €10.0m (see note 2 for further information) of Escrow debt and €5.0m of bank repayments due in 2015.

** In 2014, excludes restricted cash of €10.0m held in Escrow in respect of warranties following the sale of the South African business (€10.0m shown as restricted cash above).

14. Borrowings (continued)

Undrawn Facilities

The Group has various borrowing facilities available to it. The undrawn facilities available to it at the year end in respect of which all conditions precedent have been met at that date were as follows:

	2015 **€m**	2014 €m
Expiring in less than one year	**-**	-
Expiring in more than one but less than two years	**-**	-
Expiring in more than two years	**(1.0)**	(7.4)
	(1.0)	(7.4)

15. Intangible Assets

Impairment Testing

The Group's indefinite life intangible assets (including goodwill) are tested annually for impairment or whenever there is an indication of impairment. When testing for impairment, the recoverable amounts for the Group's cash-generating units ("CGU"s) are measured at their value in use by discounting future expected cash flows. These calculations use cash flow projections for five years based on management approved forecasts which reflect management's current experience and future expectations of the markets in which the CGU operates. A terminal value multiple of five was applied to year five EBITDA projections. There was an impairment charge of €1.2m recognised in 2015 in relation to the Northern Ireland – Belfast Publishing CGU. This arose due to changes in the discount rates and EBITDA forecast applied in the impairment testing for this CGU. There were no impairment charges recognised in 2014. The key assumptions used in the impairment assessment across CGUs in the regions were as follows:

Location of CGU	**Pre-Tax Discount Rate**		**Long Term Growth Rate**	
	2015	2014	**2015**	2014
Republic of Ireland	**12.4%**	11.8%	**0.5%**	0.5%
Northern Ireland	**15.1%**	14.2%	**0.0%**	0.0%

The Group's intangible assets were €45.0m at 31 December 2014 and €44.0m at 31 December 2015. The decrease of €1.0m is primarily driven by an amortisation charge of €3.5m and an impairment charge of €1.9m, somewhat offset by a reclassification from property, plant and equipment of €1.9m, additions of €1.4m, and a positive FX movement of €1.1m.

Supplementary Non-IFRS Information

The Balance Sheet reports the carrying value of newspaper mastheads at their acquired cost. Where these assets have been acquired through a business combination, cost will be the fair value allocated in acquisition accounting. The value of internally generated newspaper mastheads or post-acquisition revaluations are not permitted to be recognised in the Balance Sheet in accordance with IFRS and, as a result, no values for certain of the Group's internally generated newspaper mastheads (e.g. three of the main Irish titles, the *Irish Independent*, the *Herald* and the *Sunday Independent*) are reflected in the Balance Sheet.

The Directors are of the view that the Group has many other intangible assets which have substantial value that are not reflected on the Group's Balance Sheet. This is because these intangible assets are carried in the Group's Balance Sheet at a nil value or a value which is much less than their recoverable amount. The Directors are of the view that if these intangible assets were allowed to be carried on the Group's Balance Sheet then the Group's intangible assets would be greater than currently reported.

16. Analysis of Deferred Taxation Balances

	Capital Allowances	Retirement Benefit Obligations	Tax Losses	Other	Total
	€m	€m	€m	€m	€m
Group					
At 1 January 2014	**8.2**	**6.4**	**0.6**	**(1.4)**	**13.8**
(Charge)/credit to Income Statement	(1.6)	(1.1)	0.6	-	(2.1)
Recognised in other comprehensive income*	-	5.0	-	-	5.0
Exchange movements	0.7	-	0.1	-	0.8
At 31 December 2014	**7.3**	**10.3**	**1.3**	**(1.4)**	**17.5**
Charge to Income Statement	(1.6)	(0.6)	(0.9)	-	(3.1)
Recognised in other comprehensive income*	-	(1.8)	-	-	(1.8)
Exchange movements	0.7	-	-	-	0.7
At 31 December 2015	**6.4**	**7.9**	**0.4**	**(1.4)**	**13.3**

* Tax effect of retirement benefit obligation remeasurements.

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income in the relevant tax jurisdiction. The Group has tax losses, capital allowances, and tax credits in relation to retirement benefit obligations available that have the potential to reduce tax payments in future years. Deferred tax assets have been recognised in relation to these to the extent that their recovery is probable having regard to the projected future taxable profits of the relevant companies. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised or the liability settled, based on tax rates and tax laws substantively enacted at the Balance Sheet date.

The net deferred tax asset at 31 December 2015 was €13.3m and the Group estimates that the majority of this will be settled/recovered more than 12 months after the Balance Sheet date.

16. Analysis of Deferred Taxation Balances (continued)

The above net deferred tax balance is reflected in the Balance Sheet as follows:

	2015 €m	2014 €m
Deferred taxation assets	**17.1**	21.7
Deferred taxation liabilities	**(3.8)**	(4.2)
	13.3	17.5

Analysis of deferred taxation assets:

	2015 €m	2014 €m
Retirement benefit obligations – defined benefit schemes	**7.3**	9.6
Retirement benefit obligations – defined contribution schemes	**0.6**	0.7
Capital allowances	**8.8**	10.1
Tax losses	**0.4**	1.3
	17.1	21.7

Analysis of deferred taxation liabilities:

	2015 €m	2014 €m
Capital allowances	**(2.4)**	(2.8)
Other	**(1.4)**	(1.4)
	(3.8)	(4.2)

The decrease of €4.2m in the Group's net deferred tax asset during the year relates to the movement on retirement benefit obligations remeasurement gains, tax losses and capital allowances. (2014: The increase of €3.7m in the Group's net deferred tax asset primarily related to the deferred tax asset movement on retirement benefit obligations remeasurement losses)

The Directors have estimated the recoverability of the Group's deferred tax assets on losses and capital allowances based on their current assessment of the availability of future taxable profits against which to utilise the deferred tax assets. The Directors determine that capital allowances and losses should be available to shelter a significant portion of the projected profit in the future periods. The Group recognised deferred tax assets projected to be realised in the timescale within which the Group believes that it can assess the likelihood of its profits arising as being more likely than not. The deferred tax assets recognised represent approximately seven years of taxable profits in the relevant entities.

The Group has unrecognised tax losses as at 31 December 2015 of €295.7m (2014: €281.6m) which have a tax value of €49.2m (2014: €50.8m). In addition the Group has unrecognised available capital allowances as at 31 December 2015 of €29.1m (2014: €28.9m) which have a tax value of €5.2m (2014: €5.8m). There is no expiry date applicable to these unrecognised tax losses or available capital allowances. In Northern Ireland, the Group has an unrecognised benefit from future retirement benefits of €24.2m (2014: €24.3m) which has a tax value of €4.3m (2014: €4.9m).

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax has not been recognised for withholding and other taxes that may be payable on the unremitted earnings of certain subsidiaries, associates and joint ventures, as the timing of the reversal of these temporary differences is controlled by the Group and it is probable that these temporary differences will not reverse in the foreseeable future.

As at 31 December 2015, no unremitted earnings were available in the Group which could have been repatriated to Ireland, which would have given rise to such a deferred tax liability.

17. Discontinued Operations

(a) APN

During 2015, the Group disposed of its entire shareholding in its associate APN. As APN was a separate major line of business, the APN results are presented as a discontinued operation. The comparative Group Income Statement and OCI have been restated to show the discontinued operation separately from continuing operations.

Effects of the disposal of the Group's shareholding in APN:

	APN 2015 €m
Consideration received	119.3
Less:	
Carrying amount (see table below)	(73.5)
	45.8
Foreign currency translation reserve balance reclassified to profit or loss on disposal	3.8
Fair value reserve balance reclassified to profit or loss on disposal	0.7
	50.3
Costs of disposal	(2.9)
Gain on disposal*	47.4

* No tax charge arose on the disposal as the base cost of the APN shares (A$0.88) equalled the sale price of the shares (A$0.88).

	Carrying value €m
Carrying amount as at 31 December 2014	68.7
Foreign currency translation in period	4.3
Share of profits of APN in period	0.5
Carrying amount at date of disposal	73.5

NOTES TO THE FINANCIAL INFORMATION (continued)

17. Discontinued Operations (continued)

(b) Education Businesses

In June 2014, the Group's Education Businesses were sold. Accordingly, the Group's Education Businesses are presented as a discontinued operation. The loss on the disposal of the Education Businesses was €0.5m as outlined below. The Education Businesses are reported as the Island of Ireland – Non-Publishing segment.

Effects of the disposal of the Education business on the Group:

	Education businesses 2014 €m
Consideration received	0.6
Less:	
Intangible assets	(2.2)
Property, plant and equipment	(0.4)
Trade and other receivables	(2.0)
Cash and cash equivalents	(0.1)
Trade and other payables	4.5
	0.4
Costs of disposal	(0.9)
Loss on disposal*	(0.5)

* No tax charge arose on the disposal.

(c) Results of discontinued operations

	2015 APN €m	2014 APN (restated) €m	2014 Education Businesses €m	2014 Total (restated) €m
Revenue	**-**	-	2.9	2.9
Expenses	**-**	-	(3.7)	(3.7)
Share of associated companies post tax results	**0.5**	9.1	-	9.1
Results from operating activities*	**0.5**	9.1	(0.8)	8.3
Taxation charge	**-**	-	-	-
Results from operating activities, net of tax	**0.5**	9.1	(0.8)	8.3
Gain/(loss) on sale of discontinued operation	**47.4**	-	(0.5)	(0.5)
Exceptional items	**-**	(24.7)	-	(24.7)
Results of discontinued operations – post exceptional items	**47.9**	(15.6)	(1.3)	(16.9)
Discontinued operations –Earnings/(loss) per ordinary share (cent) – Basic	**3.5c**			(1.2c)
Discontinued operations –Earnings/(loss) per ordinary share (cent) – Diluted	**3.4c**			(1.2c)

* Results for APN for 2015 relate to the period from January 2015 to the date of disposal in March 2015. Results for the Education businesses for 2014 relate to the period from 1 January 2014 to the date of disposal in June 2014.

17. Discontinued Operations (continued)

Of the profit from discontinued operations of €47.9m (2014: loss of €16.9m), all (same 2014) is attributable to the owners of the Company.

Of the profit from continuing operations of €25.5m (2014: €21.2m), €25.0m (2014: €21.4m) is attributable to the owners of the Company.

(d) Cash flows generated from/(used in) discontinued operations:

	2015 APN	2014 APN (restated)	2014 Education Businesses	2014 Total (restated)
	€m	€m	€m	€m
Net cash generated used in operating activities	**(2.9)**	-	(0.3)	(0.3)
Net cash generated by investing activities*	**119.3**	-	-	-
Net cash generated from discontinued operations	**116.4**	-	(0.3)	(0.3)

*€116.4m represents net cash disposal proceeds on the sale of the Group's shareholding in APN.

18. Share-based payment

The Company operates the following share based schemes which provides for the grant of share options:

(a) INM Employee Share Scheme 2008; and
(b) INM Long Term Incentive Plan 2014.

(a) INM Employee Share Scheme 2008

Eligibility was restricted to certain employees who agreed to amend the terms and conditions of their employment to provide for a permanent reduction in salary (effective 1 January 2009). No option is exercisable more than ten years from the date it was granted (23 January 2009). No other performance conditions attach to these options.

The following table shows the number of options outstanding under the INM Employee Share Scheme 2008 as at 31 December 2015:

		2015	
	Number of share options	**Weighted average exercise price €**	**Value €**
Outstanding at the beginning of the year	**668,201**	**1.321**	**882,694**
Forfeited/cancelled/lapsed during the year	**(86,981)**	**1.321**	**(114,902)**
Outstanding at the end of the year	**581,220**	**1.321**	**767,792**

No options have been exercised under this Plan to date. The options outstanding at 31 December 2015 are exercisable at €1.321.

NOTES TO THE FINANCIAL INFORMATION (continued)

18. Share-based payment (continued)

(b) INM Long Term Incentive Scheme 2014

In June 2014, the Remuneration Committee proposed the introduction of a new share option scheme and this was approved by the shareholders at the AGM on 6 June 2014.

The following table shows the number of options outstanding under the INM Long Term Incentive Plan 2014 as at 31 December 2015:

		2015	
	Number of share options	**Weighted average exercise price €**	**Grant date fair value €**
Outstanding at the beginning of the year	-	-	-
Granted during the year	**9,315,271**	**0.01**	**1,164,409***
Forfeited/cancelled/lapsed during the year	**-**	**-**	**-**
Outstanding at the end of the year	**9,315,271**	**0.01**	**1,164,409**

There were no share options exercisable at year end. The share options have a vesting period of 3 years.

The Group recognised total expenses of €0.4m (2014: €nil) related to equity-settled share based payment transactions. Expected volatility is based on the weighted average historic volatility over a period equal to the weighted average expected life. The market price of Ordinary Shares of €0.01 each was €0.169 at 31 December 2015 and ranged from €0.124 to €0.205 during the year.

* Total expense is recognised over a 3 year period.

On 1 January 2015 a grant under the scheme, with two separate and independent sets of vesting conditions, was made to certain employees. Holders of vested options are entitled to purchase shares at the nominal value of the share at the grant date.

All options are to be settled by physical delivery of shares. The terms and conditions and the main vesting criteria of the share options granted during the year ended 31 December 2015 are set out in the below tables as follows:

NOTES TO THE FINANCIAL INFORMATION (continued)

18. Share-based payment (continued)

Vesting criteria	Grant date/ employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Total Shareholder Return ("TSR") criteria	On 1 Jan 2015 to certain employees	4,657,636 (50% of total grant)	3 years service from grant date and a sliding TSR condition (share price growth and dividends of INM compared with companies in the FTSE 350 Media Group) - Below median: 0% of total grant - Between median and 75th percentile: 25% - 50% of total grant pro rata - 75th percentile or above: 50% of total grant	7 years
Earnings Per Share ("EPS") criteria	On 1 Jan 2015 to certain employees	4,657,636 (50% of total grant)	3 years service from grant date and a sliding EPS condition (level that INM's annualised EPS growth is in excess of the annualised change in CPI) - Less than 5%: 0% of total grant - Between 5% and 10%: 20% - 50% of total grant pro rata - Above 10%: 50% of total grant In addition, the annualised EPS growth must be positive and the average 30 day share price at the end of the arrangement must be higher than at the start of the arrangement.	7 years

The fair value of services received in return for share options granted is based on the fair value of the share options granted, measured using the Black-Scholes model.

Measurement of grant date fair values

The following inputs were used in the measure of the fair value at grant date of the share-based payment arrangement.

	Share option programme for certain employees
Fair value at grant date	€0.125
Share price at grant date	€0.13
Exercise price	€0.01
Expected volatility (weighted average volatility)	39%
Vesting period	3 years
Expected dividends	0%
Risk free interest rate (based on German government bonds)	0.83%

Expected volatility is estimated taking into account historic average share price volatility.

NOTES TO THE FINANCIAL INFORMATION (continued)

19. Contingencies

Litigation

Given the nature of the Group's business, from time to time, it is party to various legal proceedings. It is the opinion of the Directors that INM's share of the losses, if any, arising in connection with these matters will have no material adverse impact on the financial position of the Group.

20. Subsequent Events

There were no events since the year end that would require disclosure or adjustment in the financial statements.