PROFIT BEFORE TAX GROWTH OF 11.8% TO €41.8M

Dublin and London 21 March 2017: Independent News & Media PLC (INM ID, INM LN) today announces its full year results for the 12 months ended 31 December 2016.

KEY HIGHLIGHTS[1]

(€m except where stated)	**2016[1]**	**2015**	**Change**
Total revenue	323.4	321.2	**+0.7%**
Profit before tax[2]	41.8	37.4	**+11.8%**
Operating Margin[2]	12.4%	11.8%	**+60 bps**
Basic & Diluted EPS[2]	2.9c	2.4c	**+0.5c**
Cash and Cash Equivalents	84.8	59.7	**+25.1**
Net Assets	62.3	44.5	**+17.8**

- **Total revenue increase of 0.7%**
  Total revenue of €323.4m was up 0.7% on the prior year. This was driven by a growth in digital revenue (+20.4%) and increased revenue from distribution, offsetting a continued decline in publishing advertising revenue, circulation revenue and contract printing due to the closure of the printing operation in Belfast.

- **Profit before tax[2] growth of 11.8% to €41.8m**
  Profit before tax[2] growth, including a 53rd week, has been achieved by a significant decrease in pre-distribution operating costs and a year on year improvement in net interest costs[2] of €2.2m, partially offset by a decline in advertising and circulation revenue. Earnings per share increased during the year by 0.5c to 2.9c.

- **Significant decrease in operating costs**
  A reduction in pre-distribution operating expenses of c.9% was due to the closure of the printing operation in Belfast, the continued integration of the Group's operations, the wind up of GrabOne and operational savings. As a result of the above cost reductions, operating margin[2] has increased to 12.4%.

- **Balance sheet strength maintained**
  The cash balance has risen to €84.8m, up €25.1m year on year. Net assets currently stand at €62.3m, versus net assets of €44.5m as at 31 December 2015, despite an increase in the net retirement benefit obligation of €11.2m.

- **Retirement benefit obligations**
  The Group notified the Trustees of two of its Republic of Ireland defined benefit pension schemes of its decision to cease contributions with effect from 7 November 2016. The Group is involved in an ongoing process of discussion with the Trustees. The Group is committed to an outcome that will lead to a more sustainable pension arrangement, more equitable outcomes between members and will give all members greater security and control over their pension savings.

- **Acquisitions**
  In 2016, the acquisitions of both the remaining 50% shareholding in CarsIreland.ie and Greer Publications were completed. The Group continues to actively review potential acquisition opportunities that generate attractive returns on capital and represent a strategic fit to the Group. The acquisition of Celtic Media Group ("CMG") is currently in a Phase 2 Review by the Broadcast Authority of Ireland.

- **Capital Reduction**
  On 5 December 2016, the shareholders voted to approve the Capital Reduction resolution at an EGM. The Company has not yet made an application to the High Court.

[1] Results to 31 December 2016 include an extra (53rd) week and exclude the results of APN - sold in H1 2015.
[2] Pre-exceptionals.
[3] ABC Jul to Dec 2016.
[4] Per Google Analytics.

FINANCIAL HIGHLIGHTS[1]

- Total revenue of €323.4m, up 0.7% on the prior year.

- Total advertising revenue declined by 4.7%, driven by a publishing advertising revenue decrease of 9.2%. Digital revenues including CarsIreland.ie, continued to grow, increasing 20.4% throughout the period.

- Circulation revenue declined by 5.2%.

- Distribution experienced strong year on year growth due to new lines of business. The diversification strategy into adjacent categories continues apace, including entering the Fresh Food Packaging market through its Reach Retail Services division.

- Profit before tax[2] growth, including a 53rd week, has been achieved by a significant decrease in pre-distribution operating costs and a year on year improvement in net interest costs[2] of €2.2m, partially offset by a decline in advertising and circulation revenue. Earnings per share increased during the year by 0.5c to 2.9c.

- A reduction in pre-distribution operating expenses of c.9% due to the closure of the printing operation in Belfast, the continued integration of the Group's operations, the wind up of GrabOne and operational savings.

- The Group operating margin[2] is up 0.6% to 12.4%.

- The cash balance has risen to €84.8m, up €25.1m year on year. Net assets currently stand at €62.3m, versus net assets of €44.5m as at 31 December 2015.

- The Group ended the period with an increased cash balance of €84.8m, generated primarily from a strong EBITDA performance, somewhat offset by exceptional expenditure outflow, acquisition expenditure including CarsIreland.ie and Greer Publications and a negative foreign exchange impact.

- The Group derecognised the net defined benefit obligation relating to two Republic of Ireland pension schemes with effect from 7 November 2016. As a consequence, an additional defined contribution pension provision was created. In 2016, the reduction in shareholders' equity attributable to the INIL and MSL defined benefit pension plans amounted to approximately €6 million mainly comprising a deficit on remeasurement of the defined benefit liabilities in the period from 1 January to 7 November of €17.6 million recognised in OCI and a credit to the Group Income Statement of €11.8 million on de-recognition of the defined benefit plans on 7 November 2016.

- The Group recorded a total net exceptional gain of €10.1m in 2016, which included:
  - A retirement benefits accounting adjustment of €11.8m;
  - A gain on the disposal of property, plant and equipment in the Island of Ireland of €5.8m; and
  - A net exceptional charge of €7.5m on miscellaneous other items including tax, impairments, restructuring and acquisition related expenses in the Group somewhat offset by a €2.9m accounting gain relating to the acquisition of the remaining 50% interest in Carsireland.ie.

- The Directors are not proposing a dividend for 2016.

Outlook

The media industry continues to face challenging times with declining publishing advertising and circulation revenues, and the current slowdown in digital display advertising. However, despite these ongoing challenges, the Group anticipates an EBIT performance in 2017 within market expectations and continued cash generation.

[1] Results to 31 December 2016 include an extra (53rd) week and exclude the results of APN - sold in H1 2015.
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OPERATIONAL HIGHLIGHTS

Publishing performance

- The *Irish Independent* continues to lead the quality daily market with an ABC[3] of 97,104 maintaining its No.1 position. The title also experienced a 59% increase in its digital edition subscriptions and has 50.2% of the daily quality market in the Republic of Ireland.

- The *Sunday Independent*, which recorded an ABC[3] of 191,594, has c.64% of the Sunday quality market and remains by far the biggest selling quality Sunday newspaper. Additionally its digital edition subscriptions saw an increase of 47%. The *Sunday Independent* has the largest regular audience on the island of Ireland across any advertising platform.

- The *Sunday World* is the nation's largest tabloid with an ABC[3] of 149,652 (c.44.7% of the Sunday popular market).

- *The Herald* holds the position as the No.1 popular title for Dubliners, with an ABC[3] of 40,847, and holds 17.9% of the daily popular market.

- INM Regional Newspapers are market leaders in every region they publish (Kerry, Wexford, Sligo and Drogheda/Dundalk). Advertising revenue locally has remained strong throughout 2016. Top quality local journalism allied to quality editorial content continue to drive circulation numbers. The Group's proposed acquisition of CMG (subject to regulatory approval) will add further quality regional titles to the Group.

- *The Star* is one of Ireland's most popular daily tabloid newspapers with an ABC[3] of 50,733 and 22.3% of the daily popular market.

- In Northern Ireland the *Belfast Telegraph*, which recorded an ABC[3] of 40,042, continues to hold a strong No.1 position within the local daily newspaper market, while the *Sunday Life* recorded an ABC[3] of 36,467, performing ahead of local competitors.

- The strong revenue performance of Newspread, the Group's wholesale distribution business continued during 2016. Newspread's diversification strategy into adjacent categories continues apace, entering the Fresh Food Packaging market through its Reach Retail Services division.

Digital performance

- Digital revenues grew by 20.4% year on year driven by the combined growth in advertising, classifieds and the acquisition of CarsIreland.ie. As consumers increasingly shift to news consumption on mobile devices, our newsrooms and technology platforms are well equipped to meet the always-on expectations of our audiences. Revenue lines are becoming increasingly diversified with less dependency on display advertising revenues and growth fuelled by a combination of native, programmatic audience targeting and commercial partnerships. The Group is focusing on improving its capabilities to address the needs of niche audience segments with several innovations and systems launched during the year.

- The Group's major publishing portal, independent.ie, continued to extend its reach throughout 2016, with 25% year on year growth in traffic. The shift in consumer behaviours towards always-on mobile news consumption accelerated in 2016 with a 38% increase in traffic on mobile devices alone. The digital newsroom is now well equipped to respond to these consumer demands with virtually 24-hour coverage of breaking news from around the globe.

- The relaunch of the mobile app mid-year, helped to deliver a 33% increase in active users in H2. Over 2.2 million unique users are now consuming content from independent.ie via their mobile phone each week. The independent.ie platform retains its position as the leading mobile destination for direct news consumption on the island.

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- Continued innovation focused on meeting niche audience needs is at the heart of the successes achieved by Digital during the year. For example, the FarmIreland (farmireland.ie) platform emerged from the Innovation Hub which is becoming a central driver of new product development. Responding to the needs of an under-served and information hungry agri-business community, FarmIreland was quickly achieving weekly audiences in excess of 250,000. Further product launches are planned for 2017.

- belfasttelegraph.co.uk, Northern Ireland's leading commercial news website, continues to enjoy strong audience and commercial success, with visits up 13% and page views up 8% year on year. Mobile usage continues to grow with new users on mobile up 11.3% which delivered growth in mobile visits of 30% year on year. The Group's recruitment sites in Northern Ireland nijobfinder.co.uk and recruitni.com continued to deliver strong audiences and traffic figures. Despite the entrance of new competition in Northern Ireland, propertynews.com grew visits to the site by 20% and introduced new features such as call tracking, which enabled the business to grow and track lead delivery to estate agents.

- Following the Groups acquisition of the remaining 50% of the business, CarsIreland.ie has increased its traffic, engagement rate and its offering and continues to grow as one of the leading online classified platforms in the Republic of Ireland for motor vehicles. 2017 plans for the platform centre on increased investment in data analytics and trend analysis to provide an enhanced consumer experience. Consumers are increasingly turning to online to inform themselves about the purchase of a car and CarsIreland.ie is well positioned to benefit from this trend throughout 2017.

STATEMENTS

Mr Leslie Buckley, Chairman, Independent News & Media PLC, said: *"I am pleased to report that the INM Group performed strongly in 2016 against the continuing challenging backdrop for the news publishing sector. The key drivers of our increase in revenue were growth in digital advertising and in our distribution business. Profit has been enhanced by a significant decrease in pre-distribution operating costs.*

INM's focus has been on strengthening the overall financial performance of the Group and the creation of shareholder value. We have worked to deliver on the company's strategy of maintaining our leading position in the print publishing market, growing our existing digital business and seeking acquisitions for further growth and diversification. Looking at suitable acquisitions for the business is essential against the backdrop of the consistent, continued decline in the news publishing sector.

I would like to sincerely thank the Board, management and each employee in INM for their contribution to the successful outcome for 2016. Their continuing commitment is an essential ingredient as the Group progresses in a challenging environment."

Mr Robert Pitt, Group Chief Executive Officer, Independent News & Media PLC, said: *"The full year results for 2016 released today represent a strong profit performance given the negative industry conditions. The industry is also challenged by uncertainty relating to Brexit and other international events.*
The Group has recorded a PBT growth year-on-year of 11.8% to €41.8 million. This has been driven by a combination of revenue growth in both the digital and distribution businesses and cost containment measures across the entire Group. Pre-distribution operating expenses have been reduced by 9% owing to a range of pro-active measures approved by the Board and implemented by Senior Management, including the wind up of GrabOne and the closure of the Belfast printing operation. The Group has continued to strengthen its net asset position and has increased cash reserves at year-end, positioning it well for future acquisition opportunities.
I give credit and thanks to all the staff in INM for their efforts in securing the 2016 results. In light of the aforementioned very challenging industry conditions, the Group does need to address the structure of its pension obligations. The Group is involved in ongoing discussions with the Trustees of the two pension schemes affected by its decision of 7 November 2016 and is intent on achieving a satisfactory outcome for all concerned, including pension members, employees and shareholders."

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SUBSEQUENT EVENTS

The Company is complying with a requirement from the Office of the Director of Corporate Enforcement ("ODCE") to produce records in relation to the possible acquisition by the Company of Newstalk and related matters that were the subject of the Company's announcement on 28 November 2016. The Company is taking all necessary steps to meet the ODCE's request.

A requirement from the ODCE to produce books and records is a procedural matter that does not involve any conclusion that there has been a breach of law by the Company or its officers.

The Company established in December 2016, before being contacted by the ODCE, a formal independent review to examine and inquire into matters concerning the possible acquisition of Newstalk and related matters. Discussions on the possible acquisition ended at a preliminary stage and the acquisition was never considered by the Board. The confidential, independent review is being carried out on behalf of the Board by senior counsel and a senior independent governance expert who have been mandated to report to the Board.

The Company takes its corporate governance responsibilities very seriously, and seeks to comply at all times with all relevant laws and regulations.

The Company does not intend to comment further regarding the ODCE's request and the independent review.

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

- Ends -

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[4] Per Google Analytics.

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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 Group 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 €218.6m and employs approximately 800 people.

INDEPENDENT NEWS & MEDIA PLC

GROUP INCOME STATEMENT

	Notes	Year Ended 31 December 2016* (Unaudited) Before Exceptional Items €m	Exceptional Items** €m	Total €m	Year Ended 31 December 2015 (Audited) Before Exceptional Items €m	Exceptional Items** €m	Total €m
Continuing operations							
Revenue	3	**323.4**	**-**	**323.4**	321.2	-	321.2
Operating (costs)/income		**(283.2)**	**12.0**	**(271.2)**	(283.2)	(5.2)	(288.4)
Operating profit/(loss)	4	**40.2**	**12.0**	**52.2**	38.0	(5.2)	32.8
Share of results of associates and joint ventures	10	**1.2**	**-**	**1.2**	1.2	(0.1)	1.1
		41.4	**12.0**	**53.4**	39.2	(5.3)	33.9
Finance income/(expense):							
- Finance income	7	**0.4**	**2.9**	**3.3**	0.1	-	0.1
- Finance expense	7	**-**	**(1.5)**	**(1.5)**	(1.9)	(0.9)	(2.8)
Profit/(loss) before taxation		**41.8**	**13.4**	**55.2**	37.4	(6.2)	31.2
Taxation charge	8	**(1.6)**	**(3.3)**	**(4.9)**	(5.2)	(0.5)	(5.7)
Profit/(loss) for the year from continuing operations		**40.2**	**10.1**	**50.3**	32.2	(6.7)	25.5
Discontinued operations							
Profit from discontinued operations (net of tax)	17	**-**	**-**	**-**	0.5	47.4	47.9
Profit for the year		**40.2**	**10.1**	**50.3**	32.7	40.7	73.4
Profit attributable to:							
Non-controlling interests		**-**	**-**	**-**	(0.4)	0.9	0.5
Equity holders of the Company		**40.2**	**10.1**	**50.3**	33.1	39.8	72.9
		40.2	**10.1**	**50.3**	32.7	40.7	73.4
Earnings per ordinary share (cent)							
Basic – continuing operations	9			**3.6c**			1.8c
Basic – discontinued operations	9			**-**			3.5c
Basic	9			**3.6c**			5.3c
Diluted – continuing operations	9			**3.6c**			1.8c
Diluted – discontinued operations	9			**-**			3.4c
Diluted	9			**3.6c**			5.2c

** Results to 31 December 2016 include an extra (53rd) week.*
*** See note 5.*

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Year Ended 31 December 2016* (Unaudited) €m	Year Ended 31 December 2015 (Audited) €m
Profit for the year	**50.3**	73.4
Other comprehensive (expense)/income		
Items that will never be reclassified to profit or loss:		
Retirement benefit obligations:		
- Remeasurement (losses)/gains**	**(32.1)**	15.8
- Related movement on deferred tax asset (note 16)	**2.6**	(1.8)
	(29.5)	14.0
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation adjustments – subsidiaries	**(3.1)**	(0.1)
Currency translation adjustments – associates (note 10)	**-**	4.3
Currency translation adjustments – reclassification on disposal of subsidiary	**(0.6)**	-
Currency translation adjustments – reclassification on disposal of associate	**-**	(3.8)
Fair value reserve – reclassification on disposal of associate	**-**	(0.7)
Profits relating to cash flow hedges	**0.1**	-
Profits relating to available-for-sale financial assets (net change in fair value)	**-**	0.7
	(3.6)	0.4
Other comprehensive (expense)/income for the year, net of tax	**(33.1)**	14.4
Total comprehensive income for the year	**17.2**	87.8
Total comprehensive income attributable to:		
Non-controlling interests	**-**	0.5
Equity holders of the Company	**17.2**	87.3
	17.2	87.8
Total comprehensive income attributable to:		
Continuing operations	**17.2**	40.9
Discontinued operations	**-**	46.9
	17.2	87.8

* *Results to 31 December 2016 include an extra (53rd) week.*

*** In 2016, the reduction in shareholders' equity attributable to the INIL and MSL defined benefit pension plans amounted to approximately €6 million mainly comprising a deficit on remeasurement of the defined benefit liabilities in the period from 1 January to 7 November of €17.6 million recognised in OCI and a credit to the Group Income Statement of €11.8 million on de-recognition of the defined benefit plans on 7 November 2016.*

GROUP STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2016 (Unaudited) €m**	31 December 2015 (Audited) €m
Assets			
Non-Current Assets			
Intangible assets	15	**48.2**	44.0
Property, plant and equipment	13	**41.6**	47.8
Investments in associates and joint ventures	10	**1.5**	1.6
Deferred tax assets	16	**14.2**	17.1
Available-for-sale financial assets		**0.2**	2.0
		105.7	112.5
Current Assets			
Inventories		**4.0**	2.6
Trade and other receivables		**23.7**	24.8
Derivative financial instruments		**0.1**	-
Corporation tax recoverable		**0.3**	-
Cash and cash equivalents	14	**84.8**	59.7
		112.9	87.1
Total Assets		**218.6**	199.6
Liabilities			
Current Liabilities			
Trade and other payables		**43.7**	45.1
Corporation tax payable		**-**	2.4
Provisions		**10.5**	16.0
		54.2	63.5
Non-Current Liabilities			
Retirement benefit obligations	12	**97.3**	86.1
Deferred taxation liabilities	16	**3.5**	3.8
Other payables		**0.8**	1.1
Provisions		**0.5**	0.6
		102.1	91.6
Total Liabilities		**156.3**	155.1
Net Assets		**62.3**	44.5
Equity			
Equity Attributable to Company's Equity Holders			
Share capital	11	**13.9**	13.9
Share premium		**767.0**	767.0
Other reserves		**318.0**	321.0
Retained losses		**(1,036.6)**	(1,057.4)
Total Equity		**62.3**	44.5

GROUP STATEMENT OF CHANGES IN EQUITY (2016 Unaudited; 2015 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 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 1 January 2016	**13.9**	**767.0**	**0.4**	**413.2**	**(92.6)**	**-**	**(1,057.4)**	**44.5**	**-**	**44.5**
Total Comprehensive (Expense)/Income for the year										
Profit for the year	-	-	-	-	-	-	50.3	50.3	-	50.3
Other comprehensive (expense)/income**	-	-	-	-	(3.7)	0.1	(29.5)	(33.1)	-	(33.1)
Total Comprehensive (Expense)/Income for the year	**-**	**-**	**-**	**-**	**(3.7)**	**0.1**	**20.8**	**17.2**	**-**	**17.2**
Attributable to owners of the Company, recognised directly in equity										
Equity settled share based payments	-	-	0.6	-	-	-	-	0.6	-	0.6
Total attributable to owners of the Company	**-**	**-**	**0.6**	**-**	**-**	**-**	**-**	**0.6**	**-**	**0.6**
At 31 December 2016	**13.9**	**767.0**	**1.0**	**413.2**	**(96.3)**	**0.1**	**(1,036.6)**	**62.3**	**-**	**62.3**

* 2016: A €0.1m movement relates to a movement on cash flow hedging reserve. (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)).

**Details can be found in the Group Statement of Comprehensive Income.

GROUP CASH FLOW STATEMENT

	Year Ended 31 December 2016* (Unaudited)	**Year Ended 31 December 2016 (Unaudited)**	Year Ended 31 December 2015 (Audited)	Year Ended 31 December 2015 (Audited)
	€m	**€m**	€m	€m
Profit for the year	**50.3**		73.4	
Exceptional items	**(10.1)**		(40.7)	
Profit for the year before exceptional items	**40.2**		32.7	
Share of results of associates and joint ventures (continuing & discontinued)	**(1.2)**		(1.7)	
Finance expenses (continuing & discontinued)	**-**		1.8	
Finance income (continuing & discontinued)	**(0.4)**		-	
Tax charge (continuing & discontinued)	**1.6**		5.2	
Operating profit before exceptional items (continuing & discontinued)	**40.2**		38.0	
Depreciation/amortisation	**6.4**		7.4	
Earnings Before Interest, Tax, Depreciation and Amortisation	**46.6**		45.4	
Share based payment charge	**0.6**		0.4	
Movement in provisions/working capital	**(2.3)**		(4.5)	
Retirement benefit obligations deficit repair payments	**(7.7)**		(8.1)	
Defined benefit retirement benefit obligations charge recognised in the Group Income Statement	**2.3**		3.0	
Cash generated from operations (before cash exceptional items)	**39.5**		36.2	
Exceptional expenditure (see note 5)	**(8.2)**		(0.8)	
Cash generated from operations	**31.3**		35.4	
Income tax paid	**(3.6)**		(0.5)	
Cash generated by operating activities		**27.7**		34.9
Cash flows from investing activities				
Dividends received from associates and joint ventures	**1.0**		0.8	
Purchases of property, plant and equipment	**(2.3)**		(1.9)	
Purchases of intangible assets	**(3.4)**		(1.4)	
Proceeds from sale of property, plant and equipment	**7.6**		0.1	
Proceeds from disposal of available-for-sale financial assets	**0.3**		-	
Purchases of/advances to associates and joint ventures	**(0.3)**		(0.2)	
Interest received	**0.1**		0.1	
Decrease in restricted cash	**-**		10.0	
Acquisition of subsidiary, net of cash acquired	**(3.0)**		-	
Disposal of APN shareholding	**-**		119.3	
Net cash generated by investing activities		**-**		126.8

GROUP CASH FLOW STATEMENT (continued)

	Year Ended 31 December 2016 (Unaudited) €m	**Year Ended 31 December 2016 (Unaudited) €m**	Year Ended 31 December 2015 (Audited) €m	Year Ended 31 December 2015 (Audited) €m
Cash flows from financing activities				
Interest paid	**-**		(2.1)	
Repayment of borrowings**	**-**		(125.5)	
Net cash used in financing activities		**-**		(127.6)
Increase in cash and cash equivalents		**27.7**		34.1
Foreign exchange losses		**(2.6)**		(0.6)
Net increase in cash and cash equivalents		**25.1**		33.5
Balance at beginning of the year		**59.7**		26.2
Cash and cash equivalents at end of the year		**84.8**		59.7

** Results to 31 December 2016 include an extra (53rd) week.*

*** 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 (note 2).*

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 2016 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 2016 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 2016 will be annexed to the Company's annual return for 2016. The annual report and financial statements will be approved by the Board of Directors by 1 May 2017. 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 2015 has been annexed to the Company's annual return for 2015 to the Companies Registration Office. The audit opinion on these financial statements was unqualified.

The 2016 statutory financial statements of the Company will be available on the Company's website *inmplc.com* as of 1 May 2017. Consistent with prior years, the full financial statements for the year ended 31 December 2016 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 2016 in accordance with EU adopted International Financial Reporting Standards ("IFRS") and with those parts of the Companies Act 2014, applicable to companies reporting under IFRS. This financial information comprises the Group Statements of Financial Position, Group Income Statements, Cash Flow Statements, Statements of Comprehensive Income, Statements of Changes in Equity and selected notes for the years ended 31 December 2016 and 31 December 2015. This financial information for the years ended 31 December 2016 and 31 December 2015 has been prepared in accordance with the Listing Rules of the Irish Stock Exchange.

Measurement of Fair Values
A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group regularly reviews significant unobservable inputs and valuation adjustments.

Significant valuation issues are reported to the Group's Audit and Risk Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL INFORMATION (continued)

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

Measurement of Fair Values (continued)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 18 - share-based payment arrangements;
- Note 6 - financial instruments; and
- Note 19 - acquisition of subsidiary.

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 2015 and are described in those financial statements on pages 107 to 123.

Except for the changes below, the Group has consistently applied its accounting policies 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 2016.

- Amendments to IFRS 11: Accounting for acquisitions of interests in Joint Operations (6 May 2014)
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation (12 May 2014)
- Amendments to IAS 16: Property, Plant and Equipment and IAS 41: Bearer Plants (30 June 2014)
- Amendments to IAS 27: Equity method in Separate Financial Statements (12 August 2014)
- Amendments to IAS 1: Disclosure Initiative (18 December 2014)
- Annual Improvements to IFRSs 2012-2014 Cycle (25 September 2014)
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities – exception to consolidation.

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)

Risks and Uncertainties

(i) Market Disruption (Print Media)
Maintaining profitability is increasingly challenging due to market disruption (i.e. shift from print media to digital/mobile) negatively affecting newspaper circulation and print advertising revenues giving rise to an increased need to achieve cost reductions to offset this contraction. This is being managed through the following:

- Advertising revenue and circulation volumes and revenue are closely monitored against budgets and industry benchmarks by senior management during weekly management meetings.
- INM operates a continuous programme of product development and refinement, and periodic readership reviews that are carried out by third party specialists and which produce a series of actions or identify potential initiatives. Marketing budgets are then aligned to target these initiatives.
- 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 customer relationship management (CRM) system.
- 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.

(ii) 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 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.

(iii) Talent Management/Succession Planning
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. Several talent initiatives launched in 2015 were carried through 2016, including a graduate recruitment programme, increased focus on and budget for targeted staff training, and the INM Business Manager Programme and Digital Journalist Programme in association with National College of Ireland aiming to further develop management and editorial capability across the Group. These programmes are reviewed regularly by Group Human Resources, the Group Chief Executive Officer and the Board.

(iv) 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 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.

NOTES TO THE FINANCIAL INFORMATION (continued)

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

Risks and Uncertainties (continued)

(v) 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 a Mergers & Acquisitions ("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.

(vi) 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 revenue/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, significant leadership changes were made in Digital in 2016, including the hiring of a Chief Digital Officer and a Managing Director of New Business Ventures.

(vii) Litigation

Libel action or other types of litigation taken against the INM Group or producing published content that lacks trust and credibility 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 functions exist 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.

(viii) Data Protection Legislation

A breach in data protection legislation could lead to fines as well as reputational and operational damage to INM.

INM's data protection readiness and processes were subjected to detailed review in 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. Also, continuous assessment of INM's data protection programme is underway to ensure preparedness with enactment of the General Data Protection Regulation in May 2018.

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

(ix) Economic and Geopolitical uncertainty

General economic conditions can positively or negatively affect the performance of the Group's businesses. The main geographies which the Group are directly exposed to are the Republic of Ireland and Northern Ireland. Following the UK vote to leave the EU, there is uncertainty surrounding the nature, timing and associated trade conditions of the UK exit. Given its proximity and close trading relationship with the Republic of Ireland, the UK exit from the EU is certain to affect the Irish domestic economy. Other events in 2016, including the US presidential election outcome are likely to impact the global economy, the affects of which could be felt locally. A weakening of the Irish economy, particularly if consumer led, could accelerate the decline in print advertising revenue.

INM executives monitor the macroeconomic and geopolitical environment by way of regular analysis of business performance through financial results and KPI's to highlight early trends and impacts from economic and geopolitical uncertainty.

(x) Compliance with laws and regulations

Increasing regulation, including in the areas of Corporate Governance such as director's duties and director's compliance statement requires increased focus and resources to ensure the Group is compliant with all applicable laws and regulations. Failure to comply with all relevant laws and regulations could result in financial penalties and reputational damage.

The Group manages compliance with laws and regulations through the following:

- Changes in laws and regulations are monitored and potential impacts discussed with relevant management team members, Board, or sub-committees as appropriate.
- Professional services are retained to support the Group in key compliance areas, such as Tax, Corporate Governance and Company Secretarial duties.
- Developments in the legal and regulatory landscape are reviewed by the Audit & Risk Committee.
- Group-wide policies are implemented where required to address new legislation and regulation.

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 Statement of Financial Position) 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.

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.

NOTES TO THE FINANCIAL INFORMATION (continued)

3. Revenue

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

	2016	2015
	€m	€m
Newspaper advertising revenues	**63.9**	70.4
Online revenues	**15.1**	12.5
GrabOne revenues	**-**	1.8
Revenue from sale of newspapers and magazines	**95.8**	101.1
Revenue from distribution/commercial printing activities	**148.6**	135.4
	323.4	321.2

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.

The Group continued to report its revenues and operating profit before exceptional items by geographical areas with a further analysis of the geographical areas by class of business also provided.
A number of operating segments are aggregated into one operating segment on the basis that they exhibit similar long-term financial performance as they have similar economic characteristics and the segments are similar in each of the following respects:

- the nature of the products and services;
- the nature of the production processes;
- the type or class of customer for their products and services; and
- the methods used to distribute their products or provide their services.

INM's entire shareholding in APN was disposed of in 2015. Consequently, as APN was a major line of business, it was treated as a discontinued operation in 2015.

NOTES TO THE FINANCIAL INFORMATION (continued)

4. Segmental Reporting (continued)

	Revenue (3rd Party)				Operating Profit/(Loss) (Before Exceptional Items)			
	2016	**2016**	2015	2015	**2016**	**2016**	2015	2015
	€m	**€m**	€m	€m	**€m**	**€m**	€m	€m
Continuing Operations:								
Island of Ireland – Publishing	**323.4**		321.2		**46.6**		44.0	
Central Costs	**-**		-		**(6.4)**		(6.0)	
Total – continuing operations		**323.4**		321.2		**40.2**		38.0
Discontinued Operations:								
APN	**-**		-		**-**		0.5	
Total – discontinued operations		**-**		-		**-**		0.5
		323.4		321.2		**40.2**		38.5

	Continuing Operations	
	2016	2015
	€m	€m
Total operating profit before exceptional items	**40.2**	38.0
Operating exceptionals	**12.0**	(5.2)
Share of results of associates and joint ventures (including exceptionals)	**1.2**	1.1
Net finance income/(costs) (including exceptionals)	**1.8**	(2.7)
Taxation charge (including exceptionals)	**(4.9)**	(5.7)
Profit for the year from continuing operations (including exceptionals)	**50.3**	25.5

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.

		2016 €m	2015 €m
Included in profit/(loss) before taxation are the following:			
Continuing operations:			
Restructuring credit/(charge)	(i)	**13.8**	(0.6)
Impairments	(ii)	**(1.8)**	(4.6)
		12.0	(5.2)
Share of associates' and joint ventures' exceptional items (net of tax and non-controlling interests)	(iii)	**-**	(0.1)
Exceptional finance income (note 7)	(iv)	**2.9**	-
Exceptional finance expense (note 7)	(v)	**(1.5)**	(0.9)
		13.4	(6.2)
Exceptional tax charge (note 8)	(vi)	**(3.3)**	(0.5)
Continuing operations - exceptional items net of taxation		**10.1**	(6.7)
Discontinued operations:			
Gain on sale of associate	(vii)	**-**	47.4
Discontinued operations – exceptional items net of taxation		**-**	47.4
Total – exceptional items net of taxation and non-controlling interests *		**10.1**	40.7

* Of the exceptional gain of €10.1m in 2016, €8.2m is shown as an exceptional expenditure outflow in the Group Cash Flow Statement and primarily relates to miscellaneous restructuring costs (proceeds received from the sale of property, plant and equipment are disclosed separately in the Group Cash Flow Statement). Of the exceptional gain of €40.7m in 2015, €0.8m is shown as an exceptional expenditure outflow in the Group Cash Flow Statement and primarily relates to miscellaneous restructuring costs partially offset by a termination payment received from the cessation of a printing contract.

(i) 2016

Primarily relates to the following:

(a) A retirement benefits accounting adjustment of €11.8m (see note 12 for further information) with €0.4m of related professional fees. In 2016, the reduction in shareholders' equity attributable to the INIL and MSL defined benefit pension plans amounted to approximately €6 million mainly comprising a deficit on re-measurement of the defined benefit liabilities in the period from 1 January to 7 November of €17.6 million recognised in OCI and a credit to the Group Income Statement of €11.8 million on de-recognition of the defined benefit plans on 7 November 2016;

(b) A gain on the disposal of property, plant and equipment in the Island of Ireland of €5.8m;

(c) A gain of €0.6m for a currency translation adjustment due to the disposal of two Australian subsidiaries;

(d) A charge of €3.3m related to miscellaneous restructuring costs, primarily redundancy costs in the Island of Ireland; and

(e) A charge of €0.7m (of which €0.2m related to Digital Odyssey Limited) for acquisition related expenses.

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.

NOTES TO THE FINANCIAL INFORMATION (continued)

5. Exceptional Items (continued)

(ii) 2016

A charge of €1.8m relating to miscellaneous impairments and write-offs of property, plant and equipment in the Island of Ireland to its recoverable amount, primarily as a result of a review of the distribution business. The impairment amount was quantified by the use of a third party valuation report.

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.

(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.

(iv) 2016

Relates to a gain arising from the remeasurement to fair value of the Group's pre-existing 50% interest in Digital Odyssey Limited following the acquisition of the remaining 50% of the shares and voting rights in that entity (see note 19).

(v) 2016

Relates to a charge of €1.5m for the write down of two available-for-sale financial assets deemed not recoverable.

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.

(vi) 2016

The exceptional tax charge in 2016 primarily relates to a tax charge of €2.1m arising on the release of a deferred tax asset (see note 16 for further information), a tax charge of €1.5m arising due to the retirement benefit accounting adjustment (see note 12 for further information) and a tax credit of €0.3m arising on exceptional expenses in the Republic of Ireland.

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.

(vii) 2015

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

NOTES TO THE FINANCIAL INFORMATION (continued)

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 €0.2m (2015: €2.0m), €nil (2015: €0.9m) are measured at Level 1 of the fair value hierarchy and €0.2m (2015: €1.1m) are measured at Level 3 of the fair value hierarchy.

The derivative financial instruments – cash flow hedges of €0.1m (2015: €nil) are measured at Level 2 of the fair value hierarchy.

7. Net Finance Income/(Costs)

	2016	2015
	€m	€m
Finance income	**0.4**	0.1
Finance costs	**-**	(1.9)
Net finance income/(costs) (before exceptional finance items)	**0.4**	(1.8)
Net exceptional finance income/(costs) (note 5)	**1.4**	(0.9)
Net finance income/(costs)	**1.8**	(2.7)

The 2016 net exceptional finance income relates to a gain of €2.9m arising from the remeasurement to fair value of the Group's pre-existing 50% interest in Digital Odyssey Limited (see note 19) following the acquisition of the remaining 50% of the shares and voting rights in that entity and a charge of €1.5m for the write down of two available-for-sale financial assets deemed not recoverable.

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.

8. Taxation

(a) Amounts recognised in profit or loss

	2016	2015
	€m	€m
Current tax:		
Current year	**2.0**	2.7
Adjustment for prior year	**(1.1)**	(0.1)
	0.9	2.6
Deferred tax:		
Origination and reversal of temporary differences	**0.3**	1.1
Release of deferred tax asset on defined benefit schemes	**7.7**	0.6
Deferred tax asset arising on provision for defined contribution scheme payments	**(6.2)**	-
Charge in respect of tax losses	**-**	0.8
Release of deferred tax asset arising from a change in tax rates	**0.1**	0.6
Release of deferred tax asset arising from a change in accounting estimate	**2.1**	-
	4.0	3.1
Taxation charge on continuing operations	**4.9**	5.7

(b) Amounts recognised in OCI

	2016	2015
	€m	€m
Deferred tax credit/(charge) on retirement benefit obligation remeasurements	**2.6**	(1.8)

(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% (2015: 12.5%). The differences are explained below:

	2016	2015
	€m	€m
Profit before taxation	**55.2**	31.2
Share of results of associates and joint ventures	**(1.2)**	(1.1)
Profit of Company and subsidiary undertakings before taxation	**54.0**	30.1
Profit of Company and subsidiary undertakings before taxation multiplied by standard rate of Corporation Tax in Ireland of 12.5% (2015: 12.5%)	**6.7**	3.8
Effects of:		
Release of deferred tax asset arising from a change in tax rates	**0.1**	0.6
Exceptional items	**0.1**	0.7
(Recognition)/release of deferred tax asset	**(0.1)**	2.2
Adjustment in respect of prior periods	**(1.1)**	0.2
Other differences	**(2.9)**	(1.8)
Release of deferred tax asset arising from a change in accounting estimate	**2.1**	-
	4.9	5.7

For further information on movement in deferred tax assets in 2016, see note 16.

Within the total tax charge of €4.9m (2015: charge of €5.7m), a net charge of €3.3m (2015: net charge of €0.5m) is classified as exceptional tax.

The exceptional tax charge of €3.3m in 2016 primarily relates to a tax charge of €2.1m on the release of a deferred tax asset arising from a change in accounting estimate, a tax charge of €1.5m arising on the retirement benefit accounting adjustment of €11.8m and a tax credit of €0.3m arising on exceptional expenses in the Republic of Ireland.

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.

NOTES TO THE FINANCIAL INFORMATION (continued)

9. Earnings Per Share

	2016	**2016**	**2016**	2015	2015	2015
	€m	**€m**	**€m**	€m	€m	€m
	Continuing	**Discontinued**	**Total**	Continuing	Discontinued	Total
Profit attributable to ordinary shareholders						
Profit attributable to the equity holders of the Company (basic and diluted)	**50.3**	**-**	**50.3**	25.0	47.9	72.9
Exceptional items (note 5)	**(10.1)**	**-**	**(10.1)**	7.6	(47.4)	(39.8)
Profit before exceptional items attributable to the equity holders of the Company (adjusted)	**40.2**	**-**	**40.2**	32.6	0.5	33.1

	2016	**2016**	**2016**	2015	2015	2015
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			**3,508,772**			3,075,592
Diluted number of shares			**1,390,056,147**			1,389,622,967
Basic earnings per share	**3.6c**	**-**	**3.6c**	1.8c	3.5c	5.3c
Basic earnings per share before exceptional items	**2.9c**	**-**	**2.9c**	2.4c	-	2.4c
Diluted earnings per share	**3.6c**	**-**	**3.6c**	1.8c	3.4c	5.2c
Diluted earnings per share before exceptional items	**2.9c**	**-**	**2.9c**	2.3c	-	2.3c

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 would have been satisfied as at the end of the reporting period if this was the vesting date.

At 31 December 2016, 535,098 options (2015: 581,220) 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.

NOTES TO THE FINANCIAL INFORMATION (continued)

10. Investments in Associates and Joint Ventures

	2016 **€m**	2015 €m
Associates		
At 1 January	**0.6**	69.1
Purchases of/advances to associates	**-**	0.2
Disposal	**-**	(73.5)
Share of results	**0.3**	0.5
Exchange movements	**-**	4.3
At 31 December	**0.9**	0.6

	2016 **€m**	2015 €m
Joint Ventures		
At 1 January	**1.0**	0.7
Purchases of/advances to joint ventures	**0.3**	-
Disposal of joint ventures*	**(0.6)**	-
Share of results	**0.9**	1.1
Dividends	**(1.0)**	(0.8)
At 31 December	**0.6**	1.0

* On 13 May 2016, the Group acquired the remaining 50% of the shares and voting interests in Digital Odyssey Limited (trading as CarsIreland.ie). As a result, the Group is deemed to have disposed of its 50% interest in the joint venture upon acquiring 100% of the shares and obtaining control of Digital Odyssey Limited.

(i) Carrying Amount

	2016 **€m**	2015 €m
Associates	**0.9**	0.6
Joint Ventures	**0.6**	1.0
	1.5	1.6

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

NOTES TO THE FINANCIAL INFORMATION (continued)

10. Investments in Associates and Joint Ventures (continued)

(ii) Associates

The closing balance for year end 31 December 2016 for associates of €0.9m relates to Click & Go. No ownership interests, assets or liabilities were held in APN as at 31 December 2016 (2015: €nil). The summarised trading results below relate solely to APN:

	2016 **€m**	2015 €m
Revenue	**-**	118.3
Profit from continuing operations	**-**	3.2
Post tax profit/(loss) from discontinued operations	**-**	-
Other comprehensive income/(expense)	**-**	-
Non-controlling interest	**-**	(0.6)
Total comprehensive income	**-**	2.6
Group’s share of associates’ total comprehensive income	**-**	0.5

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(iii) Joint Ventures

Summarised financial information in respect of the Group’s share of its joint ventures (The Star and Reachmount) is set out below:

	2016 **€m**	2015 €m
Group		
Current assets	**4.5**	3.3
Non-current assets	**0.6**	2.5
Current liabilities	**(3.7)**	(3.9)
Non-current liabilities	**(0.3)**	-
Net Assets (100%)	**1.1**	1.9
Group’s share	**0.6**	1.0
Group’s carrying amount of joint ventures	**0.6**	1.0
Revenue	**19.1**	21.3
Profit from continuing operations	**1.8**	2.1
Total comprehensive income	**1.8**	2.1
Group’s share of joint ventures’ total comprehensive income	**0.9**	1.1

11. Share Capital and Share Premium

	2016 €m	2015 €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
	70.0	259.0
Issued and fully paid:		
1,392,144,452 ordinary shares of €0.01 each	**13.9**	13.9
	13.9	13.9

At the EGM during 2016 the Company, in accordance with Section 83(1)(f)(ii) of the Companies Act 2014, reduced the authorised share capital of the Company from €259,045,221.72 to €70,000,000 by the cancellation of 556,015,358 deferred shares of €0.34 each, which have not been taken or agreed to be taken by any person.

NOTES TO THE FINANCIAL INFORMATION (continued)

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:

	2016 ROI €m	**2016 NIRE €m**	**2016 Total €m**	2015 ROI €m	2015 NIRE €m	2015 Total €m
Net defined benefit pension liability	**(9.9)**	**(31.8)**	**(41.7)**	(56.3)	(24.0)	(80.3)
Present value of defined contribution scheme provision	**(55.6)**	**-**	**(55.6)**	(5.8)	-	(5.8)
Retirement Benefit Obligations	**(65.5)**	**(31.8)**	**(97.3)**	**(62.1)**	**(24.0)**	**(86.1)**

Group Income Statement

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

	2016 €m	2015 €m
Service cost:		
- Net interest/administration cost relating to defined benefit pension schemes (excluding exceptional items)	**2.3**	3.0
- Interest cost on defined contribution pension scheme liabilities (excluding exceptional items)	**0.1**	0.1
- Current service cost relating to defined contribution pension schemes (excluding exceptional items)	**2.9**	2.9
Total recognised in Group Income Statement (excluding exceptional items)*	**5.3**	6.0
Accounting adjustments on settlements (all schemes)	**(11.8)**	(0.3)
Total recognised in Group Income Statement (including exceptional items)	**(6.5)**	5.7

*Charged to administration expenses.

The Group notified the Trustees of two of its Republic of Ireland defined benefit pension schemes of its decision to cease contributions to those two schemes with effect from 7 November 2016. The net liability in respect of these two schemes in the Group's Statement of Financial Position as at 31 December 2016 is zero. The net liability as at 7 November 2016 in resect of these two schemes of €61.8m was derecognised and a defined contribution provision of €50.0m was created.

It is intended that the contributions that the Group had previously intended to pay to the two schemes under the terms of the funding proposals agreed with the Pensions Authority in September 2013 will now be paid to the Group's defined contribution pension scheme in respect of the deferred members of the schemes. This provision will be treated in the same manner as the previously established defined contribution provision outlined above.

12. Retirement Benefit Obligations (continued)

The directors reviewed the appropriateness of the derecognition of the statement of financial position liability in respect of the two Republic of Ireland defined benefit pension schemes closed with effect from 7 November 2016. The directors also reviewed the corresponding additional defined contribution pension scheme provision created. In regard to both matters, the directors were satisfied with the appropriateness of the accounting treatment adopted.

Defined Benefit Pension Schemes

Group Other Comprehensive Income

Remeasurements recognised in Other Comprehensive Income are as follows:

	2016 **€m**	2015 €m
Return on scheme assets excluding interest income – defined benefit pension schemes	**(9.5)**	3.0
Experience variations – defined benefit pension schemes	**(1.7)**	(3.7)
Actuarial loss/(gain) from changes in financial assumptions – defined benefit pension schemes	**43.1**	(15.1)
Actuarial loss from changes in financial assumptions – defined contribution pension schemes	**0.2**	-
Total loss/(gain) included in Other Comprehensive Income*	**32.1**	(15.8)

**Of the €32.1m remeasurement losses in 2016, €17.6m relates to remeasurement losses in the two Republic of Ireland defined benefit pension schemes into which the Group ceased making contributions with effect from 7 November 2016.*

Cumulatively since transition to IFRS on 1 April 2004, €219.4 million has been recognised as a charge in the Group Statement of Comprehensive Income in respect of defined benefit pension schemes.

The discount rates used were as follows:

	2016	2015
ROI schemes	**1.90%**	2.65%
NIRE scheme	**2.70%**	3.80%

NOTES TO THE FINANCIAL INFORMATION (continued)

13. Other items

(a) **Statement of Comprehensive Income**

A negative currency translation adjustment of €3.7m (all of which relates to subsidiaries) has been recognised in the Group Statement of Comprehensive Income as at 31 December 2016 (2015: a net gain of €0.4m (a gain of €0.5m relating to associates and a loss of €0.1m relating to subsidiaries)). The negative currency translation adjustment has arisen due to the weakening of the Sterling Pound exchange rate at 31 December 2016 compared to the rates at 31 December 2015 used in the translation of the Group's investments in subsidiaries with a functional currency different to that of the Parent Company (€3.1m) and due to the disposal of two Australian subsidiaries (€0.6m).

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

The carrying amount of the Group's property, plant and equipment decreased by €6.2m from €47.8m at 31 December 2015 to €41.6m at 31 December 2016. This decrease is driven primarily by a depreciation charge of €3.5m, impairments of €1.8m, disposals of €2.0m and a negative foreign exchange movement of €1.2m, somewhat offset by additions of €2.3m.

14. Borrowings

As of 31 December 2016, the Group held no debt and had cash and cash equivalents of €84.8m (€59.7m as at 31 December 2015).

During 2015 the Group entered into an agreement to dispose of all of the Group's 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 as at 31 December 2014) in full.

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. The foregoing impairment tests did not result in any impairments being recognised in 2016. 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. The key assumptions used in the impairment assessment across CGUs in the regions were as follows:

(i) Discount Rate - For the purpose of impairment testing, pre-tax discount rates ranging from 12.4% to 15.2% (from Republic of Ireland to Northern Ireland) were applied to the CGUs (2015: 12.4% - 15.1%) and;

(ii) Growth Rate - A growth rate of 0.5% was applied for the Island of Ireland Publishing and Island of Ireland Distribution CGUs and a growth rate of 0.0% was applied to the Northern Ireland Belfast Publishing CGU.

The Group's intangible assets were €44.0m at 31 December 2015 and €48.2m at 31 December 2016. The increase of €4.2m is primarily driven by acquisition through business combination of €6.6m and additions of €3.7m partially offset by an amortisation charge of €2.9m, disposals of €0.6m (write off of assets no longer in use) and a negative FX movement of €2.6m.

Supplementary Non-IFRS Information

The Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position.

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 Statement of Financial Position. This is because these intangible assets are carried in the Group's Statement of Financial Position 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 Statement of Financial Position then the Group's intangible assets would be greater than currently reported.

NOTES TO THE FINANCIAL INFORMATION (continued)

16. Analysis of Deferred Taxation Balances

	Capital Allowances €m	Retirement Benefit Obligations €m	Tax Losses €m	Other €m	Total €m
Group					
At 1 January 2015	**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
Total charge for the year	(0.9)	(2.4)	(0.9)	-	(4.2)
At 31 December 2015	**6.4**	**7.9**	**0.4**	**(1.4)**	**13.3**
(Charge)/credit to Income Statement	(1.9)	(2.3)	-	0.2	(4.0)
Recognised in other comprehensive income*	-	2.6	-	-	2.6
Exchange movements	(1.1)	-	(0.1)	-	(1.2)
Total (charge)/credit for the year	(3.0)	0.3	(0.1)	0.2	(2.6)
At 31 December 2016	**3.4**	**8.2**	**0.3**	**(1.2)**	**10.7**

* 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 in the periods in which the asset is expected to be realised or the liability expected to be settled, based on tax rates and tax laws substantively enacted at the Statement of Financial Position date.

The net deferred tax asset at 31 December 2016 was €10.7m and the Group estimates that the majority of this will be settled/recovered more than 12 months after the Statement of Financial Position date.

NOTES TO THE FINANCIAL INFORMATION (continued)

16. Analysis of Deferred Taxation Balances (continued)

The above net deferred tax balance is reflected in the Statement of Financial Position as follows:

	2016 **€m**	2015 €m
Deferred taxation assets	**14.2**	17.1
Deferred taxation liabilities	**(3.5)**	(3.8)
	10.7	13.3

Analysis of deferred taxation assets:

	2016 **€m**	2015 €m
Retirement benefit obligations – defined benefit schemes	**1.3**	7.3
Retirement benefit obligations – defined contribution schemes	**6.9**	0.6
Capital allowances – property, plant and equipment	**5.5**	8.8
Tax losses	**0.3**	0.4
Other	**0.2**	-
	14.2	17.1

Analysis of deferred taxation liabilities:

	2016 **€m**	2015 €m
Capital allowances – property, plant and equipment	**(2.1)**	(2.4)
Other	**(1.4)**	(1.4)
	(3.5)	(3.8)

The decrease of €2.6m in the Group's net deferred tax asset during the year primarily relates to the change in accounting estimate of €2.1m, the retirement benefits accounting adjustment of €1.5m, and a negative foreign exchange movement of €1.2m; somewhat offset by a movement of €2.6m on the actuarial increase in the pension liability recognised through other comprehensive income. (2015: The decrease of €4.2m in the Group's net deferred tax asset related to the movement on retirement benefit obligations remeasurement gains, tax losses and capital allowances).

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 five years (2015: seven years) of taxable profits in the relevant entities.

The Group has unrecognised tax losses as at 31 December 2016 of €254.8m (2015: €295.7m) which have a tax value of €40.1m (2015: €49.2m). In addition the Group has unrecognised available capital allowances as at 31 December 2016 of €31.8m (2015: €29.1m) which have a tax value of €5.4m (2015: €5.2m). 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 €31.8m (2015: €24.2m) which has a tax value of €5.4m (2015: €4.3m).

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 2016, 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.

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) Results of discontinued operations

	2016 APN €m	2015 APN €m
Revenue	-	-
Expenses	-	-
Share of associated companies post tax results	-	0.5
Results from operating activities*	-	0.5
Taxation charge	-	-
Results from operating activities, net of tax	-	0.5
Gain on sale of discontinued operation	-	47.4
Results of discontinued operations – post exceptional items	-	47.9
Discontinued operations –Earnings per ordinary share (cent) – Basic	-	3.5c
Discontinued operations –Earnings per ordinary share (cent) – Diluted	-	3.4c

* Results for APN for 2015 relate to the period from January 2015 to the date of disposal in March 2015.

There were no discontinued operations in 2016. Of the profit from discontinued operations in 2015 of €47.9m, all is attributable to the owners of the Company.

Of the profit from continuing operations of €50.3m (2015: profit of €25.5m), €50.3m (2015: profit of €25.0m) is attributable to the owners of the Company.

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

	2016 APN €m	2015 APN €m
Net cash used in operating activities	-	(2.9)
Net cash generated by investing activities*	-	119.3
Net cash generated from discontinued operations	**-**	**116.4**

* €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 2016:

		2016	
	Number of share options	**Weighted average exercise price €**	**Value €**
Outstanding at the beginning of the year	**581,220**	**1.321**	**767,792**
Forfeited/cancelled/lapsed during the year	**(46,122)**	**1.321**	**(60,927)**
Outstanding at the end of the year	**535,098**	**1.321**	**706,865**

No options have been exercised under this Plan to date. The options outstanding at 31 December 2016 are exercisable at €1.321.

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 2016:

	2016			2015		
	Number of share options	**Weighted average exercise price €**	**Grant date fair value €**	Number of share options	Weighted average exercise price €	Grant date fair value €
Outstanding at the beginning of the year	**9,315,271**	**0.01**	**1,164,409***	-	-	-
Granted during the year	**4,335,366**	**0.01**	**711,000***	9,315,271	0.01	1,164,409*
Forfeited/cancelled/lapsed during the year	-	-	-	-	-	-
Outstanding at the end of the year	**13,650,637**	**0.01**	**1,875,409**	9,315,271	0.01	1,164,409*

* Total expense is recognised over a 3 year period.

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 €0.6m (2015: €0.4m) 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 €0.128 at 31 December 2016 and ranged from €0.110 to €0.178 during the year.

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.

On 1 January 2016, a further grant on similar terms was offered to key management personnel and senior employees.

All options are to be settled by physical delivery of shares. The terms and conditions and the main vesting criteria of the share options are set out in the 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. On 1 Jan 2016 to certain employees.	4,657,636 (50% of total grant) 2,167,683 (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. On 1 Jan 2016 to certain employees.	4,657,636 (50% of total grant) 2,167,683 (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	Share option programme for certain employees
	2016	**2015**
Fair value at grant date	€0.164	€0.125
Share price at grant date	€0.169	€0.13
Exercise price	€0.01	€0.01
Expected volatility (weighted average volatility)	35%	39%
Vesting period	3 years	3 years
Expected dividends	0%	0%
Risk free interest rate (based on German government bonds)	0.04%	0.83%

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

19. Acquisitions

On 13 May 2016, the Group acquired the remaining 50% of the shares and voting interests in Digital Odyssey Limited (trading as CarsIreland.ie). As a result of acquiring the remaining 50% shareholding, the Group obtained control of Digital Odyssey Limited.

There are clear synergies with INM's existing motoring features across print and digital. CarsIreland.ie is a prominent destination for drivers looking to sell their car or buy a new vehicle and enjoys significant visitor numbers. The site's online position fits well with INM's strategy for both its online and print titles.

a) Acquisition Related Costs
The Group incurred acquisition-related costs of €0.2m on legal fees and due diligence costs. These costs have been included in 'exceptional items'.

b) Identifiable assets acquired and liabilities assumed
The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	€m
Intangible assets	1.7
Trade receivables	0.1
Cash and cash equivalents	0.5
Trade and other payables	(0.2)
Total identifiable net assets acquired	**2.1**

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible Assets	The brands were valued using the relief-from-royalty method. The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the acquisition. The customer list was valued using the multi-period excess earnings method. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.
Trade Receivables	The trade receivables comprise gross contractual amounts due of €0.1m.
Other Assets	The carrying value of other assets acquired equate to their fair value.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

c) Goodwill
Goodwill arising from the acquisition has been recognised as follows:

	€m
Consideration transferred (in the form of cash)	3.5
Fair value of pre-existing interest in Digital Odyssey Limited	3.5
Fair value of identifiable net assets	(2.1)
Goodwill	**4.9**

19. Acquisitions (continued)

The remeasurement to fair value of the Group's pre-existing 50% interest in Digital Odyssey Limited resulted in a gain of €2.9m. This amount has been included in 'exceptional items'. The goodwill is attributable to synergies that will be realised through the Group's people, structures and business practices in acquiring the remaining 50% of Digital Odyssey Limited.

20. 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.

21. Subsequent Events

The Company is complying with a requirement from the Office of the Director of Corporate Enforcement ("ODCE") to produce records in relation to the possible acquisition by the Company of Newstalk and related matters that were the subject of the Company's announcement on 28 November 2016. The Company is taking all necessary steps to meet the ODCE's request.

A requirement from the ODCE to produce books and records is a procedural matter that does not involve any conclusion that there has been a breach of law by the Company or its officers.

The Company established in December 2016, before being contacted by the ODCE, a formal independent review to examine and inquire into matters concerning the possible acquisition of Newstalk and related matters. Discussions on the possible acquisition ended at a preliminary stage and the acquisition was never considered by the Board. The confidential, independent review is being carried out on behalf of the Board by senior counsel and a senior independent governance expert who have been mandated to report to the Board.

The Company takes its corporate governance responsibilities very seriously, and seeks to comply at all times with all relevant laws and regulations.

The Company does not intend to comment further regarding the ODCE's request and the independent review.

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