

The Irish Times Limited

Directors' report and financial statements for the
year ended 31 December 2012

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012

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COMPANY INFORMATION

DIRECTORS

Tom Arnold
Brian Caulfield
Margaret Elliot
John Fanning
Deirdre Forbes
Liam Kavanagh
Eoin O'Driscoll
Terence O'Rourke
Kevin O'Sullivan
Gregory Sparks
Denis Staunton
David Went

SECRETARY

Peter Callan

REGISTERED OFFICE

The Irish Times Building,
24/28 Tara Street,
Dublin 2.

REGISTERED NUMBER OF INCORPORATION

2514

SOLICITORS

William Fry,
Fitzwilton House,
Wilton Place,
Dublin 2.

Hayes,
Lavery House,
Earlsfort Terrace,
Dublin 2.

BANKERS

Bank of Ireland,
College Green,
Dublin 2.

AUDITORS

Ernst & Young,
Chartered Accountants,
Ernst & Young Building,
Harcourt Centre,
Harcourt Street,
Dublin 2.

DIRECTORS' REPORT
for the year ended 31 December 2012

The directors present herewith their annual report and audited consolidated financial statements for the year ended 31 December 2012.

PRINCIPAL ACTIVITY, BUSINESS REVIEW AND LIKELY FUTURE DEVELOPMENTS

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

Group turnover excluding joint ventures reduced by 6.1% to €81.5M in a difficult trading environment. Circulation revenue reduced by 3.9% during the year with volumes remaining under pressure. Newspaper advertising revenue reduced by 6.1% while The Irish Times increased its overall market share of advertising. The overall reduction in costs before exceptional items of 5.3% was due to decreases in employment numbers, depreciation and overhead costs.

The Group operating profit, before exceptional items, was €1.7M compared to an operating profit of €2.5M in 2011. The cash inflow from operating activities was €1.8M compared to a cash outflow of €2.2M in 2011 which reflects the reduced spending on restructuring costs. The restructuring program, the impairment of other investments and a past service credit on the pension schemes gave rise to an exceptional credit of €0.5M. The exceptional items are analysed in Note 3 to the financial statements.

The deficit on the defined benefit pension schemes as calculated under Financial Reporting Standard No.17 "Retirement Benefits" reduced by €15M during the year. This was due to a good investment performance from the scheme assets somewhat reduced by an increase in the value of plan liabilities. This increase in liabilities was affected by two significant factors which partially offset each other. Firstly a reduction in bond yields which increased liabilities by €49M. Secondly the removal of the provision for discretionary pension increases which reduced liabilities by €46M. This provision was removed as it is considered unlikely that the fund will have the capacity to pay any future increases due to the current funding position.

The Irish Times Limited has adopted a dual strategy of content development, both digitally and in print, alongside continuing organisational change. Significant progress has been made in 2012 and the early part of 2013 in content development and in reducing the cost base. The company will continue to develop its digital revenues and reduce its cost base with the objective of maintaining its cash resources in a difficult trading environment. The Irish Times Limited is well placed to participate in an economic recovery and has no net debt.

DIRECTORS' REPORT
for the year ended 31 December 2012 (Continued)

PRINCIPAL RISKS AND UNCERTAINTIES

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

- The ongoing deterioration in general economic conditions or in advertising markets leading to reductions in revenue.
- An interruption or failure of production or information systems resulting in the potential loss of a publication.
- Any unusually high changes in costs particularly newsprint and salary costs.
- Competitive changes in the marketplace and the ability to respond to those changes.
- Certain financial risks including risk of bad debts.
- The size of the defined benefit pension schemes relative to the size of the company and significant changes to investment returns, interest rates, inflation rates, mortality rates and regulatory changes that could affect funding requirements.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2012

The consolidated profit and loss account for the year ended 31 December 2012 and the consolidated balance sheet at that date are set out on pages 10 and 12 respectively. The operating results for the year are disappointing and the economic climate remains difficult.

IMPORTANT EVENTS SINCE YEAR END

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

BOOKS OF ACCOUNT

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

REMUNERATION AND NOMINATIONS COMMITTEE

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

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

DIRECTORS' REPORT
for the year ended 31 December 2012 (Continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)

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

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

Note 1 Tom Arnold waived his director's fees up to 26 June 2012.

Note 2 The chairmen of The Irish Times Limited and The Irish Times Trust Limited each receive an annual salary for their respective positions. Tom Arnold replaced Ruth Barrington as Chairman of The Irish Times Trust Limited on 26 June 2012.

The average number of directors who held office during the year was 10.0 (2011: 10.0).

The average number who received executive remuneration was 3.0 (2011: 3.0).

Directors' Fees: The basis for the payment of directors' fees in 2012 was as follows:

Chairman of The Irish Times Limited, Chairman of The Irish Times Trust Limited and executive directors – €9,347 per annum (2011: €9,347).

Non-executive directors – fees amounted to €17,500 (which includes a board fee of €9,500 per annum and €8,000 per annum for service on Board sub-committees).

The average fee per director in 2012 was €13,546 (2011: €14,411).

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

DIRECTORS' REPORT
for the year ended 31 December 2012 (Continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)

	Note	2012 €'000	2011 €'000
Salary		748	850
Performance related pay	(i)	-	-
Benefits-in-kind	(ii)	63	66
		<hr/>	<hr/>
Subtotal		811	916
Pension cost		269	371
		<hr/>	<hr/>
Total		1,080	1,287
		<hr/> <hr/>	<hr/> <hr/>

- (i) Performance related pay is set and approved by the Remuneration and Nominations Committee on the basis of the achievement of individual specific targets and objectives. No such payments were made in 2012.
- (ii) The benefit-in-kind arrangements for executive directors relate primarily to company cars. There are no loans to directors.

The annual salaries at 31 December 2012 for the continuing executive director positions and the non-executive chairmen were as follows:

	2012 €'000	2011 €'000
Continuing Executive Directors		
Managing Director	270	270
Editor	240	220
Deputy Editor	150	150
Non-Executive Chairmen		
The Irish Times Limited	67	67
The Irish Times Trust Limited	31	31
	<hr/>	<hr/>
Total	758	738
	<hr/> <hr/>	<hr/> <hr/>

DIRECTORS' REPORT
for the year ended 31 December 2012 (Continued)

AUDIT COMMITTEE

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

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare financial statements giving a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2012. They are also responsible for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

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

On behalf of the directors



David Went
Director



Liam Kavanagh
Director

Date: 20th June 2013

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

We have audited the consolidated and parent company financial statements of The Irish Times Limited for the year ended 31 December 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and the related notes 1 to 31. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

Opinion on financial statements

In our opinion the financial statements:

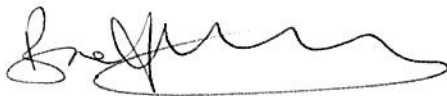
- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2012.

Matters on which we are required to report by the Companies Acts 1963 to 2012

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the parent company.
- The parent company balance sheet is in agreement with the books of account.
- In our opinion the information given in the directors' report is consistent with the financial statements.
- The net assets of the parent company, as stated in the parent company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2012 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the parent company.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2012 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Breffni Maguire
For and on behalf of Ernst & Young

Dublin

21 June 2013

THE IRISH TIMES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2012

	Note	2012 €	2011 €
Turnover: Group and share of joint ventures' turnover		85,456,250	90,883,678
Less: Share of joint ventures' turnover		(4,001,817)	(4,121,573)
		<hr/>	<hr/>
Group turnover – continuing operations	2	81,454,433	86,762,105
Cost of sales		(54,570,647)	(58,549,056)
		<hr/>	<hr/>
Gross profit		26,883,786	28,213,049
Distribution costs		(11,826,799)	(10,878,349)
Administrative expenses		(13,398,772)	(14,878,862)
		<hr/>	<hr/>
Total operating expenses excluding exceptional item		(25,225,571)	(25,757,211)
		<hr/>	<hr/>
Group operating profit before exceptional item		1,658,215	2,455,838
Administrative expenses - exceptional items	3	491,442	(2,967,886)
		<hr/>	<hr/>
Group operating profit (loss) after exceptional item		2,149,657	(512,048)
Share of operating profit of joint ventures		128,903	189,229
Share of operating loss of associates		(83,743)	(64,473)
Amortisation of goodwill on investment in associates		(123,460)	(123,526)
		<hr/>	<hr/>
Total operating profit (loss) after group share of joint venture and associates		2,071,357	(510,818)
Profit on disposal of fixed assets		411,818	-
Interest receivable and similar income	4	440,268	477,453
Interest payable and similar charges	5	(51,888)	(52,164)
Other finance expense	6	(3,197,000)	(1,029,000)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	7	(325,445)	(1,114,529)
Tax on loss on ordinary activities	9	(454,528)	(780,585)
		<hr/>	<hr/>
Loss for the financial year	10	(779,973)	(1,895,114)
		<hr/> <hr/>	<hr/> <hr/>



David Went
Director



Liam Kavanagh
Director

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2012

	<i>Note</i>	2012 €	2011 €
Loss for the financial year attributable to the shareholders		(779,973)	(1,895,114)
Actuarial gain (loss) on defined benefit pension schemes	19	13,539,000	(24,091,000)
Deferred tax on defined benefit pension schemes		(2,163,000)	2,193,000
Current tax on defined benefit pension schemes	9	470,000	820,000
		<u>11,066,027</u>	<u>(22,973,114)</u>
Total recognised gains and losses for the year		<u>11,066,027</u>	<u>(22,973,114)</u>

THE IRISH TIMES LIMITED

CONSOLIDATED BALANCE SHEET
at 31 December 2012

	Note	2012 €	2011 €
FIXED ASSETS			
Tangible assets	11	40,168,269	41,850,497
Financial assets	12		
Joint venture			
- Share of gross assets		2,736,464	2,648,580
- Share of gross liabilities		(2,660,774)	(2,511,794)
Associates		799,643	1,006,845
Other investments		8,793,027	8,730,909
		<u>49,836,629</u>	<u>51,725,037</u>
CURRENT ASSETS			
Stocks	13	474,426	1,111,635
Debtors	14	7,366,873	7,250,351
Cash at bank and in hand		11,174,700	10,261,285
		<u>19,015,999</u>	<u>18,623,271</u>
CREDITORS (amounts falling due within one year)	15	(16,647,988)	(14,050,883)
		<u>2,368,011</u>	<u>4,572,388</u>
NET CURRENT ASSETS			
		<u>52,204,640</u>	<u>56,297,425</u>
CREDITORS (amounts falling due after more than one year)			
	16	(833,695)	(508,763)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(492,090)	(840,834)
PENSION OBLIGATIONS	19	(28,371,000)	(43,506,000)
		<u>22,507,855</u>	<u>11,441,828</u>
CAPITAL AND RESERVES			
Share capital	20	625,138	625,138
Capital conversion reserve fund	21	9,871	9,871
Profit and loss account	21	21,872,846	10,806,819
		<u>22,507,855</u>	<u>11,441,828</u>
Shareholders' funds	21	<u>22,507,855</u>	<u>11,441,828</u>



David Went
Director



Liam Kavanagh
Director

THE IRISH TIMES LIMITED

COMPANY BALANCE SHEET
at 31 December 2012

	Note	2012 €	2011 €
FIXED ASSETS			
Tangible assets	11	40,064,313	41,597,282
Financial assets	12	8,793,231	8,731,113
		<u>48,857,544</u>	<u>50,328,395</u>
CURRENT ASSETS			
Stocks	13	456,505	1,111,635
Debtors	14	17,762,026	17,387,522
Cash at bank and in hand		11,032,422	10,080,875
		<u>29,250,953</u>	<u>28,580,032</u>
CREDITORS (amounts falling due within one year)	15	(24,934,008)	(22,002,003)
		<u>4,316,945</u>	<u>6,578,029</u>
NET CURRENT ASSETS			
		<u>53,174,489</u>	<u>56,906,424</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS (amounts falling due after more than one year)	16	(473,748)	-
PROVISIONS FOR LIABILITIES AND CHARGES	18	(492,090)	(840,834)
PENSION OBLIGATIONS	19	(28,045,000)	(43,075,000)
		<u>24,163,651</u>	<u>12,990,590</u>
CAPITAL AND RESERVES			
Share capital	20	625,138	625,138
Capital conversion reserve fund	21	9,871	9,871
Profit and loss account	21	23,528,642	12,355,581
		<u>24,163,651</u>	<u>12,990,590</u>
Shareholders' funds	21	<u>24,163,651</u>	<u>12,990,590</u>


David Went
Director


Liam Kavanagh
Director

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2012

	Note	2012 €	2011 €
Net cash inflow (outflow) from operating activities	22	1,845,781	(2,216,406)
<i>Returns on investments and servicing of finance</i>			
Income from financial fixed assets received		5,660	913
Interest received		387,055	396,794
Interest paid		(45,612)	(51,160)
Interest element of finance lease payments		(6,276)	(999)
		<u>340,827</u>	<u>345,548</u>
<i>Taxation</i>			
Corporation taxation refund		34,154	674,048
Corporation taxation paid		—	(1,134)
		<u>34,154</u>	<u>672,914</u>
<i>Capital expenditure and financial investment</i>			
Purchase of tangible fixed assets		(2,447,214)	(124,715)
Proceeds on disposal of tangible fixed assets		415,368	10
		<u>(2,031,846)</u>	<u>(124,705)</u>
<i>Acquisitions and disposals</i>			
Investment in joint venture		(100,000)	(50,000)
Repayment of loans from joint ventures		190,000	212,400
		<u>90,000</u>	<u>162,400</u>
<i>Net cash inflow (outflow) before financing</i>		<u>278,916</u>	<u>(1,160,249)</u>
<i>Financing</i>			
Capital element of finance lease repaid		(37,936)	(9,512)
New finance leases		651,021	—
<i>Net cash inflow (outflow) from financing</i>		<u>613,085</u>	<u>(9,512)</u>
Increase (decrease) in cash	23	<u><u>892,001</u></u>	<u><u>(1,169,761)</u></u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012**

1. ACCOUNTING POLICIES

(a) *Basis of preparation*

The consolidated financial statements are prepared in accordance with applicable Irish law and Accounting Standards issued by the Financial Reporting Council and promulgated by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

(b) *Basis of consolidation*

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

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

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

(c) *Currency*

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

(d) *Turnover*

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

(e) *Advertising and promotional expenditure*

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

(f) *Taxation*

The charge for taxation is based on the profit or loss for the year and takes into account taxation advanced and/or deferred because of timing differences.

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

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)**

1. ACCOUNTING POLICIES (Continued)

(f) *Taxation (continued)*

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

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

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

(g) *Goodwill*

Goodwill arising on acquisitions, being the excess of the consideration over the fair value of the net assets at the date of acquisition, is capitalised and related amortisation based on its estimated useful economic life up to a presumed maximum of 10 years is charged against operating profit on a straight line basis.

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

(h) *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at historical cost less accumulated depreciation.

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

Freehold and long leasehold land	nil
Freehold and long leasehold premises	2% to 10% straight line
Plant and machinery	10% to 33⅓% straight line
Motor vehicles	20% straight line
Office equipment	20% to 33⅓% straight line

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

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

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)**

1. ACCOUNTING POLICIES (Continued)

(i) *Leased assets*

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

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

(j) *Financial fixed assets*

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

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

(k) *Stocks*

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

(l) *Pension*

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

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

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

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

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

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)**

1. ACCOUNTING POLICIES (Continued)

(f) *Pension (continued)*

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

2. SEGMENTAL INFORMATION

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

3. ADMINISTRATIVE EXPENSES – EXCEPTIONAL ITEMS	2012	2011
	€	€
Costs of re-organisation	371,558	3,860,374
Impairment of Joint Venture investment	100,000	50,000
Impairment - other investments	–	704,512
Pension - past service credit	(963,000)	(1,647,000)
	<u> </u>	<u> </u>
Total (credit) charge	<u>(491,442)</u>	<u>2,967,886</u>

The costs of re-organisation comprise of redundancy costs. The tax effect of this for the year ended 31 December 2012 was a credit of €46,445 (2011: €482,547).

The past service credit is due to a reduction in members benefits to fund the pension levy. The 2011 credit is due to the approval by The Pensions Board of a Section 50 application.

4. INTEREST RECEIVABLE AND SIMILAR INCOME	2012	2011
	€	€
Interest receivable	364,849	408,132
Income from financial fixed assets other than shares in group undertakings	75,419	69,321
	<u> </u>	<u> </u>
	<u>440,268</u>	<u>477,453</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

5.	INTEREST PAYABLE AND SIMILAR CHARGES	2012	2011
		€	€
	Finance lease interest	6,276	999
	Interest on bank loans and overdrafts repayable wholly within five years - not by instalments	45,612	51,165
		<u>51,888</u>	<u>52,164</u>
6.	OTHER FINANCE EXPENSE	2012	2011
		€	€
	Expected return on pension scheme assets	8,411,000	10,596,000
	Interest on pension scheme liabilities	(11,608,000)	(11,625,000)
	Net expense	<u>(3,197,000)</u>	<u>(1,029,000)</u>
7.	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2012	2011
		€	€
	The loss on ordinary activities before taxation is stated after charging (crediting):		
	<i>Directors' emoluments</i>		
	Details of directors' remuneration are included in the Directors' Report.		
	Fees	<u>135,457</u>	<u>144,187</u>
	Remuneration:		
	Executive directors	713,290	793,131
	Pension costs	269,146	371,000
	Chairmens' salaries	97,942	122,942
		<u>1,080,378</u>	<u>1,287,073</u>
	Pension paid to former director	11,776	11,776
	Auditors' remuneration – Audit of group companies	92,000	92,000
	– Other assurance services	31,000	31,000
	– Tax advisory services	72,074	54,096
	– Other non-audit services	–	–
	Amortisation of goodwill – associates	123,460	123,526
	Depreciation of tangible fixed assets	4,125,893	6,300,459
	Operating lease rentals – plant and machinery	395,800	321,316
	– other	1,790,861	1,856,374
	Operating lease rental income – other	<u>(8,250)</u>	<u>(24,000)</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

8. STAFF NUMBERS AND COSTS

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

	2012 Number	2011 Number
Printing, publishing and distribution	<u>447</u>	<u>462</u>

The aggregate payroll costs comprise:

	€	€
Wages and salaries	28,872,791	30,562,177
Social welfare costs	3,176,558	3,271,402
Pension and other related costs	1,746,134	881,147
	<u>33,795,483</u>	<u>34,714,726</u>

Pension and other related costs include the current service cost, past service costs and settlements & curtailments in respect of the defined benefit pension scheme, ex-gratia pension costs and professional fees incurred in managing the group pension schemes.

9. TAX ON LOSS ON ORDINARY ACTIVITIES

	2012 €	2011 €
(a) <i>Analysis of profit and loss account charge:</i>		
Current tax:		
Tax credit on loss for the year	-	(39,550)
(Over) underprovision in respect of prior years	(15,472)	135
	<u>(15,472)</u>	<u>(39,415)</u>
Transfer from statement of total recognised gains and losses	470,000	820,000
Tax charge on loss on ordinary activities	<u>454,528</u>	<u>780,585</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)**

9. TAX ON LOSS ON ORDINARY ACTIVITIES (Continued)

(b) *Factors affecting the current tax charge for the year:*

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

	2012 €	2011 €
Loss on ordinary activities	(325,445)	(1,114,529)
Loss on ordinary activities multiplied by the standard tax rate 12.5%	(40,681)	(139,316)
<i>Effect of:</i>		
Expenses not deductible and non-taxable income	23,455	31,814
Impairments disallowed	19,569	94,314
Other timing differences including differences between capital allowances and depreciation and movement in provisions	(65,680)	210,078
Higher tax on capital gains	72,742	(57)
Capital losses utilised	(123,300)	-
Losses arising in the year not relievable against current tax	560,666	554,856
Higher tax rates on investment income	36,485	68,311
Research and development tax credit	(13,256)	(39,550)
(Over) underprovision in respect of previous years	(15,472)	135
Current tax charge for the year	<u>454,528</u>	<u>780,585</u>

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

Under present legislation, the company is subject to Irish corporation tax at a rate of 12.5% on profits.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)**

10. PROFIT FOR THE FINANCIAL YEAR

The company has availed of exemptions set out in section 148(8) of the Companies Act, 1963 and in section 7(1A) of the Companies (Amendment) Act, 1986 from laying the company's individual profit and loss account before the annual general meeting and from filing it with the Registrar of Companies. The loss for the financial year accounted for by the company dealt with in the consolidated profit and loss account was €597,939 (2011: loss of €2,219,464).

The fees paid to the auditors in respect of the audit of the company individual accounts in 2012 was €82,000 (2011: €82,000). In addition the auditors received fees of €17,000 and €17,000 in respect of other assurance services, and €54,274 and €31,096 in respect of tax advisory services in 2012 and 2011 respectively. The auditors did not receive any fees for non-audit services in either year. Note 7 provides additional information regarding auditors' remuneration at the consolidated level.

THE IRISH TIMES LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

11. TANGIBLE FIXED ASSETS	Freehold and long leasehold land and premises	Plant & machinery	Motor vehicles	Office equipment	Total
GROUP	€	€	€	€	€
<i>Cost</i>					
At 31 December 2011	47,177,523	57,292,350	64,771	7,026,627	111,561,271
Additions during year	-	2,412,641	-	34,573	2,447,214
Disposals during year	-	(503,929)	-	(57,781)	(561,710)
At 31 December 2012	47,177,523	59,201,062	64,771	7,003,419	113,446,775
<i>Depreciation</i>					
At 31 December 2011	16,260,580	46,701,821	49,681	6,698,692	69,710,774
Charged during year	2,660,717	1,344,427	6,154	114,595	4,125,893
Disposals during year	-	(502,477)	-	(55,684)	(558,161)
At 31 December 2012	18,921,297	47,543,771	55,835	6,757,603	73,278,506
<i>Net book value at</i>					
At 31 December 2012	28,256,226	11,657,291	8,936	245,816	40,168,269
At 31 December 2011	30,916,943	10,590,529	15,090	327,935	41,850,497

THE IRISH TIMES LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

COMPANY	Freehold and long leasehold land and premises €	Plant & machinery €	Motor vehicles €	Office equipment €	Total €
<i>Cost</i>					
At 31 December 2011	47,175,695	56,295,776	41,860	1,479,229	104,992,560
Additions during year	-	2,442,719	-	19,694	2,462,413
Disposals during year	-	(252,544)	-	-	(252,544)
At 31 December 2012	47,175,695	58,485,951	41,860	1,498,923	107,202,429
<i>Depreciation</i>					
At 31 December 2011	16,258,749	45,793,264	33,386	1,309,879	63,395,278
Charged during year	2,660,717	1,293,793	2,676	38,196	3,995,382
Disposals during year	-	(252,544)	-	-	(252,544)
At 31 December 2012	18,919,466	46,834,513	36,062	1,348,075	67,138,116
<i>Net book value at</i>					
At 31 December 2012	28,256,229	11,651,438	5,798	150,848	40,064,313
At 31 December 2011	30,916,946	10,502,512	8,474	169,350	41,597,282

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)**

11. TANGIBLE FIXED ASSETS (Continued)

A review was carried out during the year of the remaining useful lives of the premises and plant and machinery and the depreciation rates were adjusted to reflect the new assessments of the remaining useful lives.

Capitalised leased assets – group

Included in the cost of plant and machinery is an amount of capitalised leased assets of €646,868 (2011: €86,414). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2012 amounted to €25,210 (2011: €8,172) and accumulated depreciation was €106,937 (2011: €81,727). Movements in relation to capitalised leased assets relate to leased assets which became the property of the group.

Capitalised leased assets – company

Included in the cost of plant and machinery is an amount of capitalised leased assets of €560,454 (2011: €Nil). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2012 amounted to €20,523 (2011: €Nil) and accumulated depreciation was €20,523 (2011: €Nil). Movements in relation to capitalised leased assets relate to leased assets which became the property of the company.

12. FINANCIAL FIXED ASSETS

	<i>Group</i>		<i>Company</i>	
	2012	2011	2012	2011
	€	€	€	€
Investment in subsidiary undertakings (a)	-	-	204	204
Investment in joint venture undertakings (b)	75,690	136,786	-	-
Investment in associates (c)	799,643	1,006,845	-	-
Other investments (d)	8,793,027	8,730,909	8,793,027	8,730,909
	<u>9,668,360</u>	<u>9,874,540</u>	<u>8,793,231</u>	<u>8,731,113</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)**

12. FINANCIAL FIXED ASSETS (Continued)

(a) *Investment in subsidiary undertakings - company*

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

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

Subsidiary undertakings at 31 December 2012:

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

Subsidiary undertakings at 31 December 2012 (continued):

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

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

(b) *Investment in joint venture undertakings*

	€
<i>GROUP</i>	
Cost	
At 31 December 2011	136,786
Share of profits during year	128,904
Loans advanced to joint ventures	100,000
Loans repaid by joint ventures	(190,000)
Impairment of joint venture investment	(100,000)
	<hr/>
At 31 December 2012	75,690
	<hr/> <hr/>

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

Joint ventures at 31 December 2012:

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

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

(c) *Investment in associates*

	€
<i>GROUP</i>	
Cost	
At 31 December 2011	1,006,845
Share of losses during year	(83,742)
Goodwill amortisation	(123,460)
	<hr/>
At 31 December 2012	<u>799,643</u>

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

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

(d) *Other investments*

	<i>Group</i>		<i>Company</i>	
	2012 €	2011 €	2012 €	2011 €
Listed investments	2,008,146	1,738,598	2,008,146	1,738,598
Unlisted investments	6,784,881	6,992,311	6,784,881	6,992,311
	<u>8,793,027</u>	<u>8,730,909</u>	<u>8,793,027</u>	<u>8,730,909</u>

Listed investments consist of shares of quoted companies on recognised stock exchanges. The market value of the holdings at 31 December 2012 was €2,008,146 (2011: €1,738,598).

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

<i>Movements:</i>	<i>Group</i> €	<i>Company</i> €
Balance 31 December 2011	8,730,909	8,730,909
Additions	599	599
Income	61,519	61,519
	<u>8,793,027</u>	<u>8,793,027</u>

13. STOCKS

	<i>Group</i>		<i>Company</i>	
	2012 €	2011 €	2012 €	2011 €
Newsprint and materials	<u>474,426</u>	<u>1,111,635</u>	<u>456,505</u>	<u>1,111,635</u>

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

14. DEBTORS	<i>Group</i>		<i>Company</i>	
	2012 €	2011 €	2012 €	2011 €
Trade debtors	5,217,641	5,438,082	4,410,433	4,387,824
Amounts due from joint venture	640,290	518,090	640,290	438,091
Amounts due from group companies	–	–	11,267,685	11,463,188
Other debtors	416,845	87,817	401,218	44,400
Corporation tax recoverable	15,140	44,561	–	–
Prepayments and accrued income	1,076,957	1,161,801	1,042,400	1,054,019
	<u>7,366,873</u>	<u>7,250,351</u>	<u>17,762,026</u>	<u>17,387,522</u>
	<u><u>7,366,873</u></u>	<u><u>7,250,351</u></u>	<u><u>17,762,026</u></u>	<u><u>17,387,522</u></u>
15. CREDITORS (amounts falling due within one year)	<i>Group</i>		<i>Company</i>	
	2012 €	2011 €	2012 €	2011 €
Trade creditors	4,011,293	3,181,384	3,757,615	2,753,209
Tax and social welfare (a)	2,644,173	2,326,871	2,544,539	2,077,359
Accruals and deferred income	9,006,340	7,656,028	8,432,030	7,112,741
Amounts due to joint venture	41,727	17,021	41,727	11,244
Amounts due to associates	52,453	137,450	52,453	137,450
Amounts owed to group companies	–	–	9,958,861	9,910,000
Finance lease obligations (note 25(a))	149,340	10,881	146,783	–
Bank loan	500,000	500,000	–	–
Bank overdraft	242,662	221,248	–	–
	<u>16,647,988</u>	<u>14,050,883</u>	<u>24,934,008</u>	<u>22,002,003</u>
	<u><u>16,647,988</u></u>	<u><u>14,050,883</u></u>	<u><u>24,934,008</u></u>	<u><u>22,002,003</u></u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

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

(a) Tax and social welfare comprises:

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
Value added tax	1,380,297	1,025,790	1,318,602	904,627
Employment taxes	1,103,616	1,130,081	1,065,676	1,001,732
Corporation tax	160,260	171,000	160,261	171,000
	<u>2,644,173</u>	<u>2,326,871</u>	<u>2,544,539</u>	<u>2,077,359</u>

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

	Group		Company	
	2012 €	2011 €	2012 €	2011 €
Other creditors	359,069	508,763	-	-
Finance lease obligations (note 25(a))	474,626	-	473,748	-
	<u>833,695</u>	<u>508,763</u>	<u>473,748</u>	<u>-</u>

17. BANK FACILITIES

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

18. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP and COMPANY

	Restructuring (i) €	Ex-Gratia pensions (ii) €	Total €
At 31 December 2011	325,306	515,528	840,834
Provided during year	371,557	126,078	497,635
Utilised during year	(594,224)	(252,155)	(846,379)
	<u>102,639</u>	<u>389,451</u>	<u>492,090</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

18. PROVISIONS FOR LIABILITIES AND CHARGES (Continued)

(i) *Restructuring*

The provision relates primarily to redundancy costs.

(ii) *Ex-Gratia Pensions*

This provision relates to future payments to certain former employees of The Irish Times Limited. The provision includes an amount of €126,380 (2011: €163,141), which relates to a former director of the company.

(iii) *Deferred taxation*

An unrecognised deferred tax asset of €1.9M (2011: €2.3M) in respect of losses forward has not been recognised at 31 December 2012 as uncertainty exists regarding the utilisation of these losses.

19. PENSION OBLIGATIONS

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

For funding purposes the contributions are based on the advice of an independent professionally qualified actuary obtained at three yearly intervals. The latest full actuarial valuations of the plans were at 1 January 2010 and used the attained age method.

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

The assumptions used for the purpose of FRS 17 are based on the valuation by the schemes' actuary at 1 January 2010 updated at the balance sheet date. The valuation of liabilities has been performed using the projected unit method.

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

GROUP

The main assumptions used by the actuary were:

	31/12/2012	31/12/2011
Rate of increase in pensionable salaries	2.00% p.a. for 7 years 3.00% p.a. thereafter	2.00% p.a. for 8 years 3.00% p.a. thereafter
Rate of increase in pension payments	0.00%	1.90%
Discount rate on scheme liabilities	3.80%	5.00%
Expected return on scheme assets	4.56%	4.67%

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)**

19. PENSION OBLIGATIONS (Continued)

Post-retirement mortality:

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

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

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

	31/12/2012	31/12/2011
Equities	6.80%	7.00%
Bonds	2.80%	3.00%
Property	5.80%	6.00%
Other	4.80%	1.00%

The net pension liability is analysed as follows:

	At 31 December 2012 €'000		At 31 December 2011 €'000	
		% of scheme assets		% of scheme assets
<i>Scheme assets at fair value:</i>				
Equities	96,627	46.8%	100,061	54.7%
Bonds	73,251	35.5%	63,884	34.9%
Property	10,230	5.0%	10,094	5.5%
Other	26,140	12.7%	8,886	4.9%
	<hr/>		<hr/>	
Fair value of scheme assets	206,248		182,925	
Present value of scheme liabilities	(238,672)		(232,647)	
	<hr/>		<hr/>	
Defined benefit pension scheme deficit	(32,424)		(49,722)	
Related deferred tax asset	4,053		6,216	
	<hr/>		<hr/>	
Net pension liability	<u>(28,371)</u>		<u>(43,506)</u>	

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

19. PENSION OBLIGATIONS (Continued)

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

Recognised in the Profit and Loss Account:

	2012 €'000	2011 €'000
Current service cost	(2,141)	(2,066)
Past service cost (note 3)	963	1,648
Recognised in arriving at operating loss	<u>(1,178)</u>	<u>(418)</u>
Expected return on pension scheme assets	8,411	10,596
Interest on pension scheme liabilities	<u>(11,608)</u>	<u>(11,625)</u>
Other finance expense	<u>(3,197)</u>	<u>(1,029)</u>
Total recognised in the profit and loss account	<u><u>(4,375)</u></u>	<u><u>(1,447)</u></u>
<i>Taken to the Statement of Total Recognised Gains and Losses:</i>	2012 €'000	2011 €'000
Actual return less expected return on scheme assets	13,867	(8,759)
Experience losses on schemes' liabilities	(328)	(15,332)
Actuarial gain recognised in Statement of Total Recognised Gains and Losses	<u>13,539</u>	<u>(24,091)</u>
Cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses	<u><u>(9,667)</u></u>	<u><u>(23,206)</u></u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)**

19. PENSION OBLIGATIONS (Continued)

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

	2012 €'000	2011 €'000
At beginning of year	232,647	211,295
Current service cost	2,141	2,066
Interest cost	11,608	11,625
Benefits paid	(8,977)	(8,049)
Actuarial loss	328	15,332
Past service cost amendment	(963)	(1,648)
Members contributions	2,076	2,257
Premiums paid	(188)	(231)
At end of year	<u>238,672</u>	<u>232,647</u>

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

	2012 €'000	2011 €'000
At beginning of year	182,925	179,109
Expected return on plan assets	8,411	10,596
Employer contribution	8,134	8,002
Benefits paid	(8,977)	(8,049)
Actuarial gain (loss)	13,867	(8,759)
Members contributions	2,076	2,257
Premiums paid	(188)	(231)
	<u>206,248</u>	<u>182,925</u>

The company expects to pay pension scheme contributions of €6,832,000 in 2013.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

19. PENSION OBLIGATIONS (Continued)

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

	2012	2011	2010	2009	2008
	€'000	€'000	€'000	€'000	€'000
Fair value of scheme assets	206,248	182,925	179,109	156,973	131,197
Present value of defined benefit obligations	(238,672)	(232,647)	(211,295)	(201,982)	(206,940)
	<u>(32,424)</u>	<u>(49,722)</u>	<u>(32,186)</u>	<u>(45,009)</u>	<u>(75,743)</u>
Experience adjustments arising on plan liabilities	<u>(328)</u>	<u>(15,332)</u>	<u>(5,866)</u>	<u>6,738</u>	<u>(28)</u>
Experience adjustments arising on plan assets	<u>13,867</u>	<u>(8,759)</u>	<u>9,989</u>	<u>16,924</u>	<u>(75,986)</u>

COMPANY

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

	31/12/2012	31/12/2011
Equities	6.80%	7.00%
Bonds	2.80%	3.00%
Property	5.80%	6.00%
Other	4.80%	1.00%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

19. PENSION OBLIGATIONS (Continued)

The net pension liability is analysed as follows:

	<i>At 31 December 2012 €'000</i>	<i>% of scheme assets</i>	<i>At 31 December 2011 €'000</i>	<i>% of scheme assets</i>
<i>Scheme assets at fair value:</i>				
Equities	95,799	46.8%	99,191	54.7%
Bonds	72,714	35.5%	63,416	34.9%
Property	10,147	5.0%	10,011	5.5%
Other	25,907	12.7%	8,828	4.9%
	<hr/>		<hr/>	
Fair value of scheme assets	204,567		181,446	
Present value of scheme liabilities	(236,618)		(230,675)	
	<hr/>		<hr/>	
Defined benefit pension scheme deficit	(32,051)		(49,229)	
Related deferred tax asset	4,006		6,154	
	<hr/>		<hr/>	
Net pension liability	<u>(28,045)</u>		<u>(43,075)</u>	

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

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

	<i>2012 €'000</i>	<i>2011 €'000</i>
At beginning of year	230,675	209,615
Current service cost	2,121	2,044
Interest cost	11,510	11,532
Benefits paid	(8,907)	(7,992)
Actuarial loss	304	15,125
Past service cost amendment	(953)	(1,655)
Members contributions	2,055	2,235
Premiums paid	(187)	(229)
	<hr/>	<hr/>
At end of year	<u>236,618</u>	<u>230,675</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

19. PENSION OBLIGATIONS (Continued)

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

	2012 €'000	2011 €'000
At beginning of year	181,446	177,712
Expected return on plan assets	8,342	10,515
Employer contribution	8,065	7,935
Benefits paid	(8,907)	(7,992)
Actuarial gain (loss)	13,753	(8,730)
Members contributions	2,055	2,235
Premiums paid	(187)	(229)
	<u>204,567</u>	<u>181,446</u>

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

	2012 €'000	2011 €'000	2010 €'000	2009 €'000	2008 €'000
Fair value of scheme assets	204,567	181,446	177,712	155,787	129,777
Present value of defined benefit obligations	(236,618)	(230,675)	(209,615)	(200,484)	(203,363)
	<u>(32,051)</u>	<u>(49,229)</u>	<u>(31,903)</u>	<u>(44,697)</u>	<u>(73,586)</u>
Experience adjustments arising on plan liabilities	<u>304</u>	<u>15,125</u>	<u>5,711</u>	<u>(6,700)</u>	<u>259</u>
Experience adjustments arising on plan assets	<u>(13,753)</u>	<u>8,730</u>	<u>(9,876)</u>	<u>(14,888)</u>	<u>(73,800)</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

20.	SHARE CAPITAL	2012	2011
		€	€
	<i>GROUP AND COMPANY</i>		
	<i>Authorised, allotted, called up and fully paid:</i>		
	500,000 ordinary shares of €1.25 each	625,000	625,000
	110 preference shares of €1.25 each	138	138
		<u>625,138</u>	<u>625,138</u>

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

The ordinary shares are non-voting shares.

21. RECONCILIATION OF SHAREHOLDERS' FUNDS

GROUP

	<i>Share capital</i> €	<i>Capital conversion reserve fund</i> €	<i>Profit and loss account</i> €	<i>Total</i> €
At beginning of year	625,138	9,871	10,806,819	11,441,828
Loss for financial year	–	–	(779,973)	(779,973)
Net actuarial gain on defined benefit pension scheme	–	–	11,376,000	11,376,000
Current tax on defined benefit pension scheme	–	–	470,000	470,000
At end of Year	<u>625,138</u>	<u>9,871</u>	<u>21,872,846</u>	<u>22,507,855</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

21. RECONCILIATION OF SHAREHOLDERS' FUNDS (Continued)

COMPANY

	<i>Share capital</i> €	<i>Capital conversion reserve fund</i> €	<i>Profit and loss account</i> €	<i>Total</i> €
At beginning of year	625,138	9,871	12,355,581	12,990,590
Loss for financial year	–	–	(597,939)	(597,939)
Net actuarial gain on defined benefit pension scheme	–	–	11,301,000	11,301,000
Current tax on defined benefit pension scheme	–	–	470,000	470,000
	<u>625,138</u>	<u>9,871</u>	<u>23,528,642</u>	<u>24,163,651</u>
At end of year	<u>625,138</u>	<u>9,871</u>	<u>23,528,642</u>	<u>24,163,651</u>

22. RECONCILIATION OF OPERATING PROFIT
(LOSS) TO OPERATING CASH FLOW

	2012 €	2011 €
Operating profit (loss)	2,149,657	(512,048)
Investment impairment	100,000	754,512
Depreciation of tangible fixed assets	4,125,893	6,300,459
Decrease (increase) in stocks	637,209	(28,623)
Increase in debtors	(172,808)	(699,886)
Increase (decrease) in creditors	2,434,310	(370,903)
Decrease in operating provisions and pension balances	(7,428,480)	(7,659,917)
	<u>1,845,781</u>	<u>(2,216,406)</u>
Net cash inflow (outflow) from operating activities	<u>1,845,781</u>	<u>(2,216,406)</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

23.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2012 €	2011 €
	Increase (decrease) in cash	913,415	(1,243,460)
	(Increase) decrease in overdraft	(21,414)	73,699
		<u>892,001</u>	<u>(1,169,761)</u>
	Capital element of finance lease repaid	37,936	9,512
	New finance lease	(651,021)	-
		<u>278,916</u>	<u>(1,160,249)</u>
	Movement in net funds in the year	278,916	(1,160,249)
	Net funds at beginning of year	9,529,156	10,689,405
		<u>9,808,072</u>	<u>9,529,156</u>
	Net funds at end of year	<u>9,808,072</u>	<u>9,529,156</u>

24. ANALYSIS OF CHANGES IN NET FUNDS

	<i>At 31 December</i> 2011 €	<i>Cash</i> <i>flow</i> €	<i>At 31 December</i> 2012 €
Cash	10,261,285	913,415	11,174,700
Bank overdraft	(221,248)	(21,414)	(242,662)
Bank Loan	(500,000)	-	(500,000)
Finance leases	(10,881)	(613,085)	(623,966)
	<u>9,529,156</u>	<u>278,916</u>	<u>9,808,072</u>

25. COMMITMENTS

(a) *Finance leases – Group*

	2012 €	2011 €
Finance lease obligations, net of interest, are due as follows:		
Within one year	149,340	10,881
After one but within 5 years	474,626	-
	<u>623,966</u>	<u>10,881</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)

25. COMMITMENTS (continued)

Finance leases – Company

	2012	2011
	€	€
Finance lease obligations, net of interest, are due as follows:		
Within one year	146,783	–
After one but within 5 years	473,748	–
	<u>620,531</u>	<u>–</u>

In addition the company has commitments to pay €205,871 in relation to support and maintenance costs between 2013 and 2017.

(b) *Operating leases*

The group has operating lease commitments payable in the next twelve months of €2,113,403 (2011: €2,127,296), which expire as follows:

<i>GROUP</i>	<i>Land and buildings</i>	<i>Other</i>	<i>Total</i>
	€	€	€
Within one year	–	21,678	21,678
Between one and five years	18,280	331,445	349,725
After five years	1,742,000	–	1,742,000
	<u>1,760,280</u>	<u>353,123</u>	<u>2,113,403</u>
 <i>COMPANY</i>	 <i>Land and buildings</i>	 <i>Other</i>	 <i>Total</i>
	€	€	€
Within one year	–	18,521	18,521
Between one and five years	–	324,559	324,559
After five years	1,700,000	–	1,700,000
	<u>1,700,000</u>	<u>343,080</u>	<u>2,043,080</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)**

26. CONTINGENT LIABILITIES

There were no material contingent liabilities affecting the group or the company at 31 December 2012.

27. GUARANTEES

Pursuant to the provisions of Section 17, Companies (Amendment) Act, 1986, the Company guarantees the liabilities of the following subsidiaries for the financial year ended 31 December 2012 and, as a result, those subsidiaries will be exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986:

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

28. GROUP RELATIONSHIPS AND CONTROLLING PARTIES

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

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2012 (Continued)**

29. RELATED PARTY TRANSACTIONS

The company has availed of the exemption provided in FRS 8 "Related Party Transactions" for subsidiary undertakings 100% or more of whose voting rights are controlled within the group, from the requirements to give details of transactions with entities that are part of the group or investees of the group qualifying as related parties.

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

	<i>Sales To related Party</i>	<i>Purchases From related Party</i>	<i>Amounts owed to related party</i>	<i>Amounts owed by related party</i>
	€	€	€	€
Fortunegreen Limited	510,737	41,117	22,412	140,344
Entertainment Media Networks Limited	69,022	20,800	52,453	-
Sortridge Limited	1,420,916	86,864	19,315	470,101
Digital Media Brokers Limited	49,589	6,500	-	29,845

30. SUBSEQUENT EVENTS

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

31. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved and authorised for issue the consolidated financial statements in respect of the financial year ended 31 December 2012 on 20th June 2013.