THE IRISH TIMES LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2005

DIRECTORS’ REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005

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COMPANY INFORMATION

DIRECTORS	Alex Burns Gerard Burns Maeve Donovan John Fanning Liam Kavanagh Geraldine Kennedy David McConnell Eoin McVey Paul O'Neill Brian Patterson Gregory Sparks David Went
SECRETARY	Liam Kavanagh
REGISTERED OFFICE	11/15 D'Olier Street, Dublin 2.
REGISTERED NUMBER OF INCORPORATION	2514
SOLICITORS	William Fry, Fitzwilton House, Wilton Place, Dublin 2. Hayes, Lavery House, Earlsfort Terrace, Dublin 2.

COMPANY INFORMATION (Continued)

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 2005

The directors present herewith their annual report and audited consolidated financial statements for the year ended 31 December 2005.

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

2005 was a year of significant progress for The Irish Times Limited with the launch of international editions of The Irish Times in the UK, Spain and Portugal, completion of the expansion of the Citywest print plant, the signing of contracts to relocate to a new office building and for a joint venture for the publication of a Metro free sheet in the Dublin area.

The increase of 8.5% in turnover to €113M reflected the strong economy in Ireland. Advertising revenue increased by 9.5% and the ABC audited circulation of The Irish Times over the year was 117,456, 2% higher than 2004. Readership of The Irish Times increased by 4% to 336,000. The increase in costs of 9.5% is due mostly to a rise of 8.2% in employment costs together with a market price increase in the cost of newsprint, investment in the international edition and increased promotional activity. Itronics Limited generated a loss of €0.25M and the directors expect that it will move to profitability in the foreseeable future.

Operating profit before an exceptional item, at €18.1M is in line with 2004 and cashflow from operating activities of €23.5M is up 8.3% on 2004. After deducting an exceptional item of €5M, Group operating profit for the year amounted to €13.1M.

The exceptional item consists of a provision of €5M relating primarily to a redundancy programme, which will be mostly completed during 2006.

The Group has adopted Financial Reporting Standard No. 17 " Retirement Benefits" and the comparative figures have been amended as required. The impact of adopting this standard has been to increase the profit on ordinary activities before taxation by €2.3M (2004, €3.1M) and to reduce shareholder funds by €50.6M. Notwithstanding strong investment returns, the deficit has increased by €15.4M because of a further deterioration in bond yields and changes in mortality projections. The company has agreed a funding plan with the trustees to meet the deficit.

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

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

DIRECTORS' REPORT
for the year ended 31 December 2005 (Continued)

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2005
The consolidated profit and loss account for the year ended 31 December 2005 and the consolidated balance sheet at that date are set out on pages 12 and 14 respectively. The results for the year and the financial position at the year-end were considered satisfactory. A key concern is the increase in costs particularly employment costs in a market which continues to be extremely competitive and in which The Irish Times Limited is exposed to economically sensitive advertising revenues.

IMPORTANT EVENTS SINCE YEAR END
The company has entered in to a contract to acquire 100% of the share capital of MyHome Limited.

The freehold and leasehold premises located at D'Olier Street and Fleet Street were sold in September 2006.

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 11/15 D'Olier Street, Dublin 2.

DIRECTORS
The composition of the Board did not change during the year. The Board regrets deeply the sudden loss of Michael Austen, Deputy Managing Director who died on 7 February 2006.

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

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

DIRECTORS' REPORT
for the year ended 31 December 2005 (Continued)

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

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

Note 1 The chairmen of The Irish Times Limited and The Irish Times Trust Limited receive an annual salary with respect to those positions.
Note 2 Directors' fees payable to David Went were waived by him.

The average number of directors who held office during the year was 13 (2004: 14).
The average number who received executive remuneration was 6 (2004: 7).

DIRECTORS' REPORT
for the year ended 31 December 2005 (continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)
Directors' Fees: The basis for the payment of directors' fees in 2005 was as follows:

Chairman of The Irish Times Limited, Chairman of The Irish Times Trust Limited and executive directors – €9,400 per annum (2004: €9,214).

Non-executive directors – €12,700 (2004: €12,000) per annum plus €10,600 (2004: €10,000) for service on Board sub-committees.

The average fee per director in 2005 was €12,954 (2004: €12,634).

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

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

	Note	*2005*	*2004 (As restated)*
		€'000	*€'000*
Salary		1,611	1,486
Performance related pay	(i)	362	397
Benefits-in-kind	(ii)	123	115
Subtotal		2,096	1,998
Pension current service cost	(iii)	712	642
Other pension costs	(iv)	–	564
Total		2,808	3,204

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

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

(iii) The comparative figure has been restated as a result of a change in accounting policy following the adoption of FRS 17 'Retirement Benefits'. The previously reported figure amounted to €780,080 and reflected the pension contributions paid during 2004. This amount has been restated to reflect the current service cost incurred during the year.

(iv) Other pension costs for 2004 comprise a non-recurring charge of €564,413 relating to a former director who retired in November 2003.

DIRECTORS' REPORT
for the year ended 31 December 2005 (continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)
The annual salaries at the end of the financial year for the continuing executive director positions and the non-executive chairmen were as follows:

	2005	*2004*
	€'000	*€'000*
Continuing Executive Directors		
Managing Director	350	323
Editor	350	323
Deputy Managing Director	261	240
Finance Director	209	193
Deputy Editor	158	145
Managing Editor	134	123
Non-Executive Chairmen		
The Irish Times Limited	101	95
The Irish Times Trust Limited	48	44
Total	1,611	1,486

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS
The directors are responsible for preparing the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standard Board and promulgated by the Institute of Chartered Accountants in Ireland.

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

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

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2005. 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.

DIRECTORS' REPORT
for the year ended 31 December 2005 (Continued)

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

Brian Patterson	Maeve Donovan
Director	Director

29 September 2006

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 2005 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 Flow, and the related notes 1 to 28. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts, 1963 to 2005. We also report to you our opinion as to: whether proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation which may require the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the company balance sheet is in agreement with the books of account.

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

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

Basis of audit opinion

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

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

Basis of audit opinion (continued)

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the Group and of the company as at 31 December 2005 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2005.

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

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

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

Ernst & Young
Registered Auditors

Dublin

27 October 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2005

	Note	2005 €	2004 (As restated) €
Group turnover – continuing operations	2	113,251,713	104,349,651
Cost of sales		(68,336,815)	(60,904,696)
Gross profit		44,914,898	43,444,955
Distribution costs		(11,975,787)	(10,197,831)
Administrative expenses		(14,808,595)	(14,960,977)
Total operating expenses excluding exceptional item		(26,784,382)	(25,158,808)
Group operating profit before exceptional item		18,130,516	18,286,147
Administrative expenses - exceptional item	3	(5,000,000)	–
Group operating profit after exceptional item – continuing operations		13,130,516	18,286,147
Share of operating loss of joint venture		(103,278)	–
Total operating profit: group and share of joint venture		13,027,238	18,286,147
Interest receivable and similar income	4	577,640	427,452
Interest payable and similar charges	5	(17,777)	(75,697)
Other finance income	6	541,000	443,000
Profit on ordinary activities before taxation	7	14,128,101	19,080,902
Tax on profit on ordinary activities	9	(1,147,015)	(985,543)
Profit for the financial year	10	12,981,086	18,095,359

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

Approved by the Board on 29 September 2006

Brian Patterson
Director

Maeve Donovan
Director

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
at 31 December 2005

	Note	*2005* €	*2004 (As restated)* €
Profit for the financial year		12,981,086	18,095,359
Actuarial loss on defined benefit pension schemes		(19,871,000)	(11,871,000)
Deferred tax asset on defined benefit pension schemes		1,884,000	913,000
Current tax on defined benefit pension schemes		258,800	346,100
Total recognised gains and losses for the year		(4,747,114)	7,483,459
Prior year adjustment	1(a)	(35,235,000)	
Total recognised gains and losses since the last financial statements		(39,982,114)	

CONSOLIDATED BALANCE SHEET
at 31 December 2005

	Note	*2005* €	*2004 (As restated)* €
FIXED ASSETS			
Tangible assets	11	74,461,082	68,439,838
Financial assets	12		
Joint venture			
-Share of gross assets		2,346,408	–
-Share of gross liabilities		(1,099,685)	–
Other investments		18,367	18,367
		75,726,172	68,458,205
CURRENT ASSETS			
Stocks	13	449,513	730,373
Debtors	14	11,323,656	10,693,302
Cash at bank and in hand		29,317,771	20,805,592
		41,090,940	32,229,267
CREDITORS (amounts falling due within one year)	15	(19,214,464)	(18,323,150)
NET CURRENT ASSETS		21,876,476	13,906,117
TOTAL ASSETS LESS CURRENT LIABILITIES		97,602,648	82,364,322
PROVISIONS FOR LIABILITIES AND CHARGES	17	(5,802,245)	(1,215,805)
PENSION OBLIGATIONS	18	(50,634,000)	(35,235,000)
		41,166,403	45,913,517
CAPITAL AND RESERVES			
Share capital	19	625,138	625,138
Revaluation reserve	20	1,362,618	1,362,618
Capital conversion reserve fund	20	9,871	9,871
Profit and loss account	20	39,168,776	43,915,890
Shareholders' funds	20	41,166,403	45,913,517

Approved by the Board on 29 September 2006

Brian Patterson
Director

Maeve Donovan
Director

COMPANY BALANCE SHEET
at 31 December 2005

	Note	2005 €	2004 (As restated) €
FIXED ASSETS			
Tangible assets	11	74,035,385	68,041,930
Financial assets	12	1,519,266	214,389
		75,554,651	68,256,319
CURRENT ASSETS			
Stocks	13	449,513	730,373
Debtors	14	10,606,403	9,937,029
Cash at bank and in hand		29,161,579	20,745,457
		40,217,495	31,412,859
CREDITORS (amounts falling due within one year)	15	(18,066,221)	(17,304,856)
NET CURRENT ASSETS		22,151,274	14,108,003
TOTAL ASSETS LESS CURRENT LIABILITIES		97,705,925	82,364,322
PROVISIONS FOR LIABILITIES AND CHARGES	17	(5,802,245)	(1,215,805)
PENSION OBLIGATIONS	18	(49,522,000)	(34,571,000)
		42,381,680	46,577,517
CAPITAL AND RESERVES			
Share capital	19	625,138	625,138
Revaluation reserve	20	1,362,618	1,362,618
Capital conversion reserve fund	20	9,871	9,871
Profit and loss account	20	40,384,053	44,579,890
Shareholders' funds	20	42,381,680	46,577,517

Approved by the Board on 29 September 2006

Brian Patterson Director	Maeve Donovan Director

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended 31 December 2005

	Note	*2005* €	*2004 (As restated)* €
Net cash inflow from operating activities	21	23,496,783	21,693,862
Returns on investments and servicing of finance			
Income from financial fixed assets received		34,152	164,619
Interest received		554,734	155,043
Interest paid		(8,008)	(39,878)
Interest element of finance lease payments		(9,769)	(35,819)
		571,109	243,965
Taxation			
Corporation taxation refund		73,264	536,176
Corporation taxation paid		(1,521,582)	(209,053)
		(1,448,318)	327,123
Capital expenditure			
Purchase of tangible fixed assets		(12,341,796)	(3,657,255)
Proceeds on disposal of tangible fixed assets		51,141	117,326
		(12,290,655)	(3,539,929)
Acquisitions and disposals			
Investment in joint venture		(1,350,000)	–
Net cash inflow before financing		8,978,919	18,725,021
Financing			
Repayment of bank loans		–	(2,000,000)
Capital element of finance lease repaid		(466,740)	(598,192)
Net cash outflow from financing		(466,740)	(2,598,192)
Increase in cash		8,512,179	16,126,829

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005

1. ACCOUNTING POLICIES

(a) Change in accounting policy for retirement benefits

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.

Group

The Group has adopted Financial Reporting Standard 17-'Retirement benefits' ('FRS 17') in the preparation of its financial statements for the year ended 31 December 2005. FRS 17 applies to all types of benefits that an employer provides after employees have completed their service, including pensions and other retirement benefits. Changes to the Group accounting policy for retirement benefits apply to defined benefits only. There is no change to the accounting policy for defined contribution schemes arising from the implementation of FRS 17. The change in accounting policy has resulted in a prior year adjustment and the comparative figures have been restated accordingly.

FRS 17 requires that scheme assets are valued at fair value and scheme liabilities are measured using the projected unit method. Net scheme assets and liabilities, reduced by deferred tax amounts, are now shown on the balance sheet as a pension surplus or deficit as appropriate. Previously, the surplus or deficit was not recognised on the balance sheet.

Under FRS 17, 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. Previously the charge to the profit and loss account in respect of defined benefits was determined by funding rates recommended by independent qualified actuaries.

Actuarial gains or losses are recognised through the consolidated statement of total recognised gains and losses. Previously these gains and losses were spread over the employees' remaining service lives by charging to the profit and loss account the recommended funding rate.

This change in accounting policy has resulted in a cumulative net debit to shareholders funds of €50,634,000 at 31 December 2005, of €35,235,000 at 31 December 2004 and €27,738,000 at 31 December 2003. Profit before tax for the years ended 31 December 2005 and 2004 has been increased by €2,588,000 and €3,461,000 respectively. The increases in the actuarial losses for the years ended 31 December 2005 and 2004 of €19,871,000 and €11,871,000 respectively and the consequent deferred tax assets of €1,884,000 and €913,000 respectively have been dealt with in the consolidated statement of total recognised gains and losses resulting in an overall negative impact in the years ended 31 December 2005 and 2004 of €15,399,000 and €7,497,000 respectively.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005

1. ACCOUNTING POLICIES (Continued)

(a) *Change in accounting policy for retirement benefits* (continued)

Provision is made for the actuarial valuation of ex-gratia pensions at the time the commitment is made. Subsequent adjustments to the computation of the outstanding commitment are dealt with annually in the profit and loss account. The introduction of FRS 17 has had no impact on the accounting for ex-gratia pensions.

Company
The change in accounting policy as a result of the adoption of FRS 17 in respect of the defined benefit pension schemes has resulted in a prior year adjustment and comparative figures have been restated accordingly.

The change in the accounting policy has resulted in cumulative net debits to Shareholders' Fund of €49,522,000 at 31 December 2005 and €34,571,000 at 31 December 2004.

(b) *Basis of preparation*
The consolidated financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets. The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the Republic of Ireland.

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

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

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

(d) *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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005

1. ACCOUNTING POLICIES (Continued)

(e) *Turnover*

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

(f) *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.

(g) *Advertising and promotional expenditure*

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

(h) *Taxation - Ordinary activities*

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

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

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

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.

No provision for deferred tax is made on revaluation surpluses unless a binding sale agreement exists and the profit or loss on disposal has been recognised in the profit and loss account.

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005

1. ACCOUNTING POLICIES (Continued)

(i) *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at historical cost less accumulated depreciation, except for certain freehold and long leasehold land and premises, which are carried at revalued amount less accumulated depreciation. The company has availed of the transitional arrangements of Financial Reporting Standard No. 15 'Tangible Fixed Assets', and is continuing to carry such revalued assets at their previously revalued amount, which is not being updated for subsequent changes in value except as adjusted for subsequent disposals, if any.

(j) *Depreciation*

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

Freehold and long leasehold land	nil
Freehold and long leasehold premises	2% to 4% straight line
Plant and machinery	8⅓% 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 retiral.

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

(k) *Financial fixed assets*

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

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

(l) *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.

(m) *Goodwill*

Goodwill, being the excess of the consideration over the fair value of net liabilities at the date of acquisition of the joint venture, is capitalised and related amortisation based on its estimated useful life of 20 years is charged against profit before interest.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005

2. SEGMENTAL INFORMATION

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

3. EXCEPTIONAL ITEM

	2005	*2004*
	€	€
Costs of re-organisation	5,000,000	–

The costs of re-organisation substantially comprise of redundancy costs related to the building on success restructuring programme.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005	*2004*
	€	€
Interest receivable	543,488	262,833
Income from financial fixed assets other than shares in Group undertakings	34,152	164,619
	577,640	427,452

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	*2004*
	€	€
Finance lease interest	9,769	35,819
Interest on bank overdrafts repayable otherwise than by instalments within five years	8,008	39,878
	17,777	75,697

6. OTHER FINANCE INCOME

	2005	*2004* *(As restated)*
	€	€
Expected return on pension scheme assets	(8,953,000)	(8,490,000)
Interest on pension scheme liabilities	8,412,000	8,047,000
Net income	(541,000)	(443,000)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2005

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	*2005*	*2004 (As restated)*
	€	€
The profit on ordinary activities before taxation is stated after charging (crediting):		
Directors' emoluments		
Fees	168,400	176,871
Remuneration:		
Executive directors	1,946,679	1,858,059
Pension costs	712,000	1,206,493
Chairmen's salaries	149,326	139,670
	2,808,005	3,204,222

Details on directors' remuneration are included in the Directors' Report on pages 5 to 8.

Pension paid to former director	11,477	11,514
Auditors' remuneration	110,000	76,000
Depreciation of tangible fixed assets	6,316,964	6,680,615
Profit on disposal of fixed assets	(47,553)	(42,526)
Operating lease rentals – plant and machinery	433,548	315,643
– other	323,591	334,567

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (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:

	2005 Number	*2004 Number*
Printing, publishing and distribution	550	544

The aggregate payroll costs comprise:

	€	*(As restated)* €
Wages and salaries	36,251,401	33,139,619
Social welfare costs	3,462,085	3,182,963
Pension and other related costs	5,441,706	5,414,725
	45,155,192	41,737,307

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 €	*2004 (As restated)* €
(a) Analysis of profit and loss account charge:		
Current tax:		
Tax on profit for the year	1,278,313	362,590
Overprovision in respect of prior years	(91,461)	(198,330)
	1,186,852	164,260
Transfer from statement of total recognised gains and losses	258,800	346,100
	1,445,652	510,360
Deferred tax *(note 17)*	(298,637)	475,183
Tax on profit on ordinary activities	1,147,015	985,543

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

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

	2005	*2004* *(As restated)*
	€	€
Profit on ordinary activities	14,128,101	19,080,902
Profit on ordinary activities multiplied by the standard tax rate 12.5%	1,766,013	2,385,113
Effect of:		
Expenses not deductible and non-taxable income	(87,136)	(142,382)
Other timing differences including differences between capital allowances and depreciation and movement in restructuring provision	69,570	(358,298)
Higher tax rates on investment income	72,177	106,796
Manufacturing relief	(283,511)	(374,929)
Utilisation of losses carried forward	–	(907,610)
Overprovision in respect of previous years	(91,461)	(198,330)
Current tax charge for the year	1,445,652	510,360

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

10. PROFIT FOR THE FINANCIAL YEAR

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

11. TANGIBLE FIXED ASSETS

	Freehold and long leasehold land and premises	*Plant & machinery*	*Motor vehicles*	*Office equipment*	*Total*
GROUP	€	€	€	€	€
Cost or valuation					
At 31 December 2004					
Cost	44,671,663	54,547,903	857,438	7,370,305	107,447,309
Valuation	2,125,542	–	–	–	2,125,542
	46,797,205	54,547,903	857,438	7,370,305	109,572,851
Additions during year	3,559,055	8,526,583	–	256,158	12,341,796
Disposals during year	–	–	(308,717)	–	(308,717)
At 31 December 2005					
Cost	48,230,718	63,074,486	548,721	7,626,463	119,480,388
Valuation	2,125,542	–	–	–	2,125,542
	50,356,260	63,074,486	548,721	7,626,463	121,605,930
Depreciation					
At 31 December 2004	6,145,768	27,237,016	793,508	6,956,721	41,133,013
Charged during year	1,452,284	4,563,864	60,342	240,474	6,316,964
Disposals during year	–	–	(305,129)	–	(305,129)
At 31 December 2005	7,598,052	31,800,880	548,721	7,197,195	47,144,848
Net book value at					
At 31 December 2005	42,758,208	31,273,606	–	429,268	74,461,082
At 31 December 2004	40,651,437	27,310,887	63,930	413,584	68,439,838

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

COMPANY	*Freehold and long leasehold land and premises*	*Plant & machinery*	*Motor vehicles*	*Office equipment*	*Total*
Cost or valuation	€	€	€	€	€
At 31 December 2004					
Cost	44,671,663	54,085,434	836,428	2,676,554	102,270,079
Valuation	2,125,542	-	-	-	2,125,542
	46,797,205	54,085,434	836,428	2,676,554	104,395,621
Additions during year	3,559,055	8,526,583	-	-	12,085,638
Disposals during year	-	-	(287,707)	-	(287,707)
At 31 December 2005					
Cost	48,230,718	62,612,017	548,721	2,676,554	114,068,010
Valuation	2,125,542	-	-	-	2,125,542
	50,356,260	62,612,017	548,721	2,676,554	116,193,552
Depreciation					
At 31 December 2004	6,145,768	26,790,259	772,510	2,645,154	36,353,691
Charged during year	1,452,284	4,563,231	60,330	12,750	6,088,595
Disposals during year	-	-	(284,119)	-	(284,119)
At 31 December 2005	7,598,052	31,353,490	548,721	2,657,904	42,158,167
Net book value at					
At 31 December 2005	42,758,208	31,258,527	-	18,650	74,035,385
At 31 December 2004	40,651,437	27,295,175	63,918	31,400	68,041,930

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

Freehold and long leasehold land and premises – group and company
Included in freehold and long leasehold land and premises is an amount for land of €6,828,815 (2004: €6,828,815).

Capitalised leased assets – group and company
Included in the cost of plant and machinery is an amount of capitalised leased assets of €1,797,077 (2004: €1,797,077). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2005 amounted to € 148,128 (2004: €148,128) and accumulated depreciation was €456,728 (2004: €308,600).

Assets under construction – group and company
Included in land and buildings additions is an amount of €861,071 for assets under construction.

Revaluation – group and company
The freehold and long leasehold land and premises were revalued by professional valuers at 3 January 1981 at open market value on an existing use basis at €2,125,542. Subsequent additions are at cost.

The historical cost, and depreciation based on cost, of freehold and long leasehold land and premises is as follows:

GROUP AND COMPANY	*2005*	*2004*
	€	€
Original cost	48,691,269	45,132,214
Depreciation	(6,824,114)	(5,405,128)
Net book value	41,867,155	39,727,086

12. FINANCIAL FIXED ASSETS

	Group		*Company*	
	2005	*2004*	*2005*	*2004 (As restated)*
	€	€	€	€
Investment in subsidiary undertaking *(a)*	–	–	150,899	196,022
Investment in Joint venture undertaking *(b)*	1,246,723	–	1,350,000	–
Trade investments *(c)*	18,367	18,367	18,367	18,367
	1,265,090	18,367	1,519,266	214,389

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

(a) *Investment in subsidiary undertaking - company*

	Shares at cost	*Loans to Subsidiary (As restated)*	*Total (As restated)*
	€	€	€
At beginning of year	3	196,019	196,022
Movement during year	–	(45,123)	(45,123)
At end of year	3	150,896	150,899

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

Subsidiary undertakings:

Name	*Registered Office*	*Proportion held by Company*	*Subsidiary*	*Nature of business*
ITronics Limited	11/15 D'Olier Street Dublin 2	100%	–	Electronic information and electronic publishing, training and related services
Irish Racing Services Limited	11/15 D'Olier Street Non-trading Dublin 2	–	100%	

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

(b) *Investment in Joint Venture undertaking*

	2005
	€
GROUP	
Cost	
At 1 January 2005	–
Share of net liabilities at date of acquisition	(57,265)
Goodwill	1,407,266
Share of retained losses	(103,278)
At 31 December 2005	1,246,723

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

Investment in Joint Venture undertaking (continued)

COMPANY

	Shares at cost €	*Loans to Joint venture* €	*Total* €
At beginning of year	–	–	–
Additions during year	900,000	450,000	1,350,000
At end of year	900,000	450,000	1,350,000

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

Joint Venture:

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

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

(c) *Trade investments – group and company*

	2005 €	*2004* €
Listed investments:		
Reuters Holdings plc		
7,536 (2004: 7,536) Ordinary Shares of Stg2.5p each at cost	17,757	17,757
Unlisted investments:		
The Press Association Limited		
60,000 (2004: 60,000) Ordinary Shares of Stg£1 each at cost	610	610
	18,367	18,367

The Reuters Holdings plc shares are quoted on a recognised stock exchange. The market value of the holding at 31 December 2005 was €47,766 (2004: €40,349).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

13. STOCKS

	Group 2005 €	*Group* 2004 €	*Company* 2005 €	*Company* 2004 €
Newsprint and materials	449,513	730,373	449,513	730,373

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

14. DEBTORS

	Group 2005 €	*Group* 2004 €	*Company* 2005 €	*Company* 2004 €
Trade debtors	10,016,211	9,724,917	9,563,765	9,231,937
Amounts due from joint venture	102,440	–	102,440	–
Other debtors	23,796	24,587	22,686	24,587
Prepayments and accrued income	1,181,209	943,798	917,512	680,505
	11,323,656	10,693,302	10,606,403	9,937,029

15. CREDITORS (amounts falling due within one year)

	Group 2005 €	*Group* 2004 €	*Company* 2005 €	*Company* 2004 *(As restated)* €
Trade creditors	4,950,501	4,860,762	4,776,768	4,666,102
Tax and social welfare *(a)*	2,665,911	2,916,585	2,657,167	2,857,700
Accruals and deferred income	11,596,551	10,077,562	10,630,785	9,312,813
Finance lease obligations *(note 24(b))*	1,501	468,241	1,501	468,241
	19,214,464	18,323,150	18,066,221	17,304,856

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

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

(a) *Tax and social welfare comprises:*

	Group		*Company*	
	2005	*2004*	*2005*	*2004*
	€	€	€	€
Value added tax	1,483,234	1,514,905	1,474,651	1,456,184
PAYE/PRSI	1,175,401	1,132,938	1,175,402	1,132,937
Corporation Tax	7,276	268,742	7,114	268,579
	2,665,911	2,916,585	2,657,167	2,857,700

16. BANK FACILITIES

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

17. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP and COMPANY

	Restructuring(i)	*Ex-Gratia Pensions(ii)*	*Deferred Taxation(iii)*	*Total*
	€	€	€	€
At 31 December 2004	–	740,622	475,183	1,215,805
Provided during year	5,000,000	–	–	5,000,000
Utilised during year	–	90,070	–	90,070
Released during year	–	(204,993)	(298,637)	(503,630)
At 31 December 2005	5,000,000	625,699	176,546	5,802,245

(i) *Restructuring*
The provision relates primarily to redundancy costs. Refer to note 3.

(ii) *Ex-Gratia Pensions*
This provision relates to obligations to certain former employees of The Irish Times Limited. The principal actuarial assumptions used in determining the provision were a discount rate of 4.1% (2004: 4.5%) and that pension costs will increase by 4% (2004: 4%) per annum. The provision includes an amount of €188,103 (2004: €183,977), which relates to a former director of the company.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

17. PROVISIONS FOR LIABILITIES AND CHARGES (Continued)

(iii) *Deferred taxation*

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

	2005	*2004*
	€	€
Accelerated capital allowances	822,168	677,126
Other timing differences	(645,622)	(201,943)
	176,546	475,183

18. PENSION OBLIGATIONS

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

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

18. PENSION OBLIGATIONS (Continued)

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

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

	2005	*2004*	*2003*
Inflation rate	2.25%	2.25%	2.25%
Rate of increase in pensionable salaries	4.00%	4.00%	4.00%
Rate of increase of pensions in payment	2.0%-2.25%	2.0%−2.25%	2.0%−2.25%
Discount rate	4.1%	4.70%	5.25%

Group

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

	Long term rate of return 2005	*Value at 2005 €'000*	*Long term rate of return 2004*	*Value at 2004 €'000*	*Long tem rate of return 2003*	*Value at 2003 €'000*
Equities	6.60%	129,394	7.30%	99,398	7.75%	85,437
Property	5.60%	11,840	5.30%	10,092	5.75%	9,845
Bonds	3.10%	22,327	3.80%	20,875	4.75%	22,071
Other	2.50%	5,582	3.00%	8,287	3.00%	4,788
Total market value of assets		169,143		138,652		122,141
Actuarial value of liability		(225,860)		(178,086)		(153,165)
Deficit		(56,717)		(39,434)		(31,024)
Related deferred tax asset		6,083		4,199		3,286
Net pension liability		(50,634)		(35,235)		(27,738)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

18. PENSION OBLIGATIONS (Continued)

Analysis of amount charged to operating profit:

Amounts charged into operating profit:	*2005*	*2004*
		(As restated)
	€'000	*€'000*
Current service cost	4,513	3,482
Past service cost	–	302
	4,513	3,784

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

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

	2005	*2004*
		(As restated)
	€'000	*€'000*
Actual return less expected return on asset	17,731	4,777
Experience gains and losses on liabilities	(2,795)	(662)
Changes in assumptions underlying the present value of the scheme liabilities	(34,807)	(15,986)
Actuarial loss recognised in statement of total recognised gains and losses	(19,871)	(11,871)

Movements in deficit during the year:	*2005*	*2004*
	€'000	*€'000*
Deficit at the beginning of the year	(39,434)	(31,024)
Movement in year:		
Current service cost	(4,513)	(3,482)
Contributions	6,560	6,802
Past service cost	–	(302)
Other finance income	541	443
Actuarial loss	(19,871)	(11,871)
Deficit at end of year	(56,717)	(39,434)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

18. PENSION OBLIGATIONS (Continued)

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

Company

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

	Long term rate of return 2005	*Value at 2005 €'000*	*Long term rate of return 2004*	*Value at 2004 €'000*	*Long tem rate of return 2003*	*Value at 2003 €'000*
Equities	6.60%	127,313	7.30%	98,027	7.75%	84,445
Property	5.60%	11,650	5.30%	9,952	5.75%	9,730
Bonds	3.10%	21,968	3.80%	20,587	4.75%	21,816
Other	2.50%	5,487	3.00%	8,180	3.00%	4,740
Total market value of assets		166,418		136,746		120,731
Actuarial value of liability		(222,023)		(175,516)		(151,298)
Deficit		(55,605)		(38,770)		(30,567)
Related deferred tax asset		6,083		4,199		3,286
Net pension liability		(49,522)		(34,571)		(27,281)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

18. PENSION OBLIGATIONS (Continued)

Movements in deficit during the year:	*2005* *€'000*	*2004* *€'000*
Deficit at the beginning of the year	(38,770)	(30,567)
Movement in year:		
Current service cost	(4,264)	(3,315)
Contributions	6,168	6,474
Past service cost	–	(302)
Other finance income	532	436
Actuarial loss	(19,271)	(11,496)
Deficit at end of year	(55,605)	(38,770)

19. SHARE CAPITAL

	2005 €	*2004* €
GROUP AND COMPANY		
Authorised, allotted, called up and fully paid:		
500,000 ordinary shares of €1.25 each	625,000	625,000
110 preference shares of €1.25 each	138	138
	625,138	625,138

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

The ordinary shares are non-voting shares.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

20. RECONCILIATION OF SHAREHOLDERS' FUNDS

GROUP

	Share capital	*Revalu – ation reserve*	*Capital conversion reserve fund*	*Profit and loss account (As restated)*	*Total (As restated)*
	€	€	€	€	€
As previously reported	625,138	1,362,618	9,871	79,150,890	81,148,517
Prior year adjustment	–	–	–	(35,235,000)	(35,235,000)
At beginning of year	625,138	1,362,618	9,871	43,915,890	45,913,517
Profit for financial year	–	–	–	12,981,086	12,981,086
Net actuarial loss on defined benefit pension scheme	–	–	–	(17,728,200)	(17,728,200)
At end of year	625,138	1,362,618	9,871	39,168,776	41,166,403

COMPANY

	Share capital	*Revalu – ation reserve*	*Capital conversion reserve fund*	*Profit and loss account*	*Total*
	€	€	€	€	€
				(As restated)	*(As restated)*
As previously reported	625,138	1,362,618	9,871	79,150,890	81,148,517
Prior year adjustment	–	–	–	(34,571,000)	(34,571,000)
At beginning of year	625,138	1,362,618	9,871	44,579,890	46,577,517
Profit for financial year	–	–	–	12,932,363	12,932,363
Net actuarial loss on defined benefit pension scheme	–	–	–	(17,128,200)	(17,128,200)
At end of year	625,138	1,362,618	9,871	40,384,053	42,381,680

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

21. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW

	2005	*2004 (As restated)*
	€	€
Operating profit	13,130,516	18,286,147
Depreciation of tangible fixed assets	6,316,964	6,680,615
Decrease (Increase) in stocks	280,860	(411,273)
(Increase) decrease in debtors	(641,600)	1,166,085
Increase in creditors	1,619,518	170,146
Increase / (decrease) in operating provisions	2,838,078	(4,155,332)
Profit on disposal of fixed assets	(47,553)	(42,526)
Net cash inflow from operating activities	23,496,783	21,693,862

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

	2005	*2004*
	€	€
Increase in cash	8,512,179	16,126,829
Decrease in debt	–	2,000,000
Capital element of finance lease repaid	466,740	598,192
Movement in net funds in the year	8,978,919	18,725,021
Net funds at beginning of year	20,337,351	1,612,330
Net funds at end of year	29,316,270	20,337,351

23. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 December 2004	*Cash flow*	*At 31 December 2005*
	€	€	€
Cash	20,805,592	8,512,179	29,317,771
Finance leases	(468,241)	466,740	(1,501)
	20,337,351	8,978,919	29,316,270

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

24. COMMITMENTS

(a) Capital commitments – group and company

Capital commitments contracted for but not provided at 31 December 2005 amount to €2,119,000 (2004: €5,169,780). Capital Commitments not contracted for and not provided at 31 December 2005 amounted to € 4,187,878 (2004: €4,585,136).

(b) Finance leases – group and company

	2005	*2004*
	€	€
Finance lease obligations, net of interest, are due as follows:		
Within one year	1,501	468,241
	1,501	468,241

(c) Operating leases

The group has operating lease commitments payable in the next twelve months of €1,313,450, which expire as follows:

GROUP	*Land and buildings*	*Other*	*Total*
	€	€	€
Within one year	–	21,682	21,682
Between one and five years	–	388,464	388,464
In over five years	903,304	–	903,304
	903,304	410,146	1,313,450

COMPANY	*Land and buildings*	*Other*	*Total*
	€	€	€
Within one year	–	13,538	13,538
Between one and five years	–	366,172	366,172
In over five years	683,304	–	683,304
	683,304	379,710	1,063,014

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2005 (Continued)

25. CONTINGENT LIABILITIES

There were no material contingent liabilities affecting the group or the company at 31 December 2005.

26. 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.

27. SUBSEQUENT EVENTS

The freehold and leasehold premises located at D'Olier Street and Fleet Street were sold in September 2006.

On 27 July the company entered in to a contract to acquire 100% of the share capital of MyHome Limited.

28. 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 2005 on 29 September 2006.