The Irish Times Limited

Directors' report and consolidated financial statements for the year ended 31 December 2008

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008

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COMPANY INFORMATION

DIRECTORS	Ruth Barrington Maeve Donovan John Fanning Liam Kavanagh Geraldine Kennedy David McConnell Eoin O'Driscoll Paul O'Neill Gregory Sparks David Went
SECRETARY	Liam Kavanagh
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 2008

The directors present herewith their annual report and audited consolidated financial statements for the year ended 31 December 2008.

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.

Turnover decreased by 9.4% to €124M. Newspaper advertising revenue reduced by 23%, primarily as a result of the slowdown in the property and recruitment markets. Circulation revenue fell marginally during the year. The overall increase in costs of 2.2% was due partly to increases in employment costs, contributors, news services and marketing spend. The increase in employee numbers relates to the inclusion of the Gazette and DigitalworX Limited as subsidiary companies.

Group operating profit, before exceptional items, at €6.4M was 70.8% lower than 2007. During the second half of 2008, the newspaper experienced a steeper reduction in advertising revenue, as economic activity in the country declined. In these circumstances, the board approved a restructuring programme and reviewed the carrying value of fixed assets giving rise to an exceptional charge of €45.8M. The exceptional items are analysed in Note 3 to the financial statements.

The deficit on the defined benefit pension schemes as calculated under Financial Reporting Standard No.17 "Retirement Benefits" increased by €57M during the year. This was due primarily to a dramatic deterioration in the value of plan assets due to depressed international investment markets.

The Irish Times Limited is facing significant challenges during 2009 due to the declining Irish economy, the impact of the international recession and from structural changes in the media sector. The cost base has been reduced very significantly, and the company is well placed to participate in an economic recovery and in the future growth in online revenues. The company continues to have no net debt.

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

- A 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.
- 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 2008 (Continued)

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2008
The consolidated profit and loss account for the year ended 31 December 2008 and the consolidated balance sheet at that date are set out on pages 10 and 12 respectively. The results for the year and the financial position at the year end were considered disappointing. The economic climate remains uncertain and is impacting negatively on advertising revenues in particular key sectors.

IMPORTANT EVENTS SINCE YEAR END
The Irish Times Limited, Associated Newspapers Limited and Independent News & Media PLC have agreed to merge their respective titles Metro and Herald AM. The merger is subject to approval by the Competition Authority.

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 John Fanning, David McConnell, 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 2008 (Continued)

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

Director	Position	Months in office	Remune-ration	Fees
Ruth Barrington	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	Deputy Managing 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 O'Driscoll	Non-Executive & Governor of The Irish Times Trust Ltd	12	N	Y
Paul O'Neill	Deputy Editor	12	Y	Y
Gregory Sparks	Non-Executive	12	N	Y
David Went	Non-Executive Chairman	12	(Note1)	Y

Note 1 The chairmen of The Irish Times Limited and The Irish Times Trust Limited each receive an annual salary for their respective positions.

The average number of directors who held office during the year was 10 (2007: 10.5).
The average number who received executive remuneration was 4 (2007: 5).

Directors' Fees: The basis for the payment of directors' fees in 2008 was as follows:

Chairman of The Irish Times Limited, chairman of The Irish Times Trust Limited and executive directors – €11,353 per annum (2007: €10,513).

Non-executive directors – €13,700 (2007: €13,700) per annum plus €11,400 (2007: €11,400) for service on Board sub-committees.

The average fee per director in 2008 was €16,852 (2007: €15,099).

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 2008 (Continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)

	Note	*2008* *€'000*	*2007* *€'000*
Salary		1,466	1,515
Performance related pay	(i)	–	611
Benefits-in-kind	(ii)	98	111
Subtotal		1,564	2,237
Pension current service cost		707	786
Total		2,271	3,023

(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 2008. 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.

The annual salaries at 31 December 2008 for the continuing executive director positions and the non-executive chairmen were as follows:

	2008 *€'000*	*2007* *€'000*
Continuing Executive Directors		
Managing Director	399	380
Editor	399	380
Deputy Managing Director	304	290
Deputy Editor	204	194
Non-Executive Chairmen		
The Irish Times Limited	108	108
The Irish Times Trust Limited	52	52
Total	1,466	1,404

DIRECTORS' REPORT
for the year ended 31 December 2008 (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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

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

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2009. 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

Director

Director

Date: 10 September 2009.

ERNST & YOUNG

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 2008 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 32. 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 2009. 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.

Continued /...

ERNST & YOUNG

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

Basis of audit opinion (continued)

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the group and of the company at 31 December 2008 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

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

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

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

Ernst & Young

Ernst & Young
Chartered Accountants and Registered Auditors

Dublin

Date: 16 September 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2008

	Note	*2008* €	*2007* €
Group turnover – continuing operations	2	124,263,374	137,196,243
Cost of sales		(77,630,031)	(81,452,460)
Gross profit		46,633,343	55,743,783
Distribution costs		(13,821,295)	(12,151,239)
Administrative expenses		(26,399,172)	(21,665,907)
Total operating expenses excluding exceptional item		(40,220,467)	(33,817,146)
Group operating profit before exceptional item		6,412,876	21,926,637
Administrative expenses - exceptional item	3	(45,762,331)	(1,603,000)
Group operating (loss) profit after exceptional item		(39,349,455)	20,323,637
Share of operating loss of joint ventures		(1,471,621)	(1,220,506)
Share of operating loss of associates		(153,044)	(319,271)
Amortisation of goodwill on investment in joint venture		(70,363)	(70,363)
Amortisation of goodwill on investment in associates		(145,692)	(117,159)
Total operating (loss) profit after group share of joint venture and associates		(41,190,175)	18,596,338
Profit on disposal of financial fixed assets		-	211,946
Interest receivable and similar income	4	2,298,069	1,922,745
Interest payable and similar charges	5	(901,066)	(950,519)
Other finance income	6	1,341,000	2,070,000
(Loss) profit on ordinary activities before taxation	7	(38,452,172)	21,850,510
Tax on profit on ordinary activities	9	303,113	(3,089,279)
(Loss) profit for the financial year after taxation	10	(38,149,059)	18,761,231
Loss attributable to minority interest		297,580	-
(Loss) profit for the year attributable to shareholders		(37,851,479)	18,761,231

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

Director

Director

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2008

	Note	*2008* €	*2007* €
(Loss) profit for the financial year attributable to the shareholders		(37,851,479)	18,761,231
Actuarial (loss) gain on defined benefit pension schemes	20	(65,550,000)	11,666,000
Deferred tax on defined benefit pension schemes		8,295,000	(1,592,000)
Current tax on defined benefit pension schemes		29,000	349,000
Total recognised gains and losses for the year		(95,077,479)	29,184,231

CONSOLIDATED BALANCE SHEET
at 31 December 2008

	Note	2008 €	2007 €
FIXED ASSETS			
Intangible assets	11	10,000,000	44,398,933
Tangible assets	12	61,107,038	67,453,260
Financial assets	13		
Joint venture			
- Share of gross assets		1,231,338	2,130,101
- Share of gross liabilities		(1,231,338)	(567,422)
Associates		1,378,874	3,460,418
Other investments		10,632,702	15,093,367
		83,118,614	131,968,657
CURRENT ASSETS			
Stocks	14	940,642	546,552
Debtors	15	11,916,882	14,247,547
Cash at bank and in hand		38,802,851	33,530,909
		51,660,375	48,325,008
CREDITORS (amounts falling due within one year)	16	(25,622,420)	(26,627,394)
NET CURRENT ASSETS		26,037,955	21,697,614
TOTAL ASSETS LESS CURRENT LIABILITIES		109,156,569	153,666,271
CREDITORS (amounts falling due after more than one year)	17	(396,454)	(13,434,633)
PROVISIONS FOR LIABILITIES AND CHARGES	19	(9,393,314)	(2,475,923)
PENSION OBLIGATIONS	20	(66,305,000)	(9,279,000)
		33,061,801	128,476,715
CAPITAL AND RESERVES			
Share capital	21	625,138	625,138
Capital conversion reserve fund	22	9,871	9,871
Profit and loss account	22	32,764,227	127,841,706
		33,399,236	128,476,715
Minority Interest		(337,435)	-
Shareholders' funds	22	33,061,801	128,476,715

Director

Director

COMPANY BALANCE SHEET
at 31 December 2008

	Note	2008 €	2007 €
FIXED ASSETS			
Tangible assets	12	60,468,353	65,124,369
Financial assets	13	10,293,310	21,405,340
		70,761,663	86,529,709
CURRENT ASSETS			
Stocks	14	940,642	546,552
Debtors	15	27,572,168	57,527,162
Cash at bank and in hand		38,414,383	33,098,754
		66,927,193	91,172,468
CREDITORS (amounts falling due within one year)	16	(27,799,142)	(30,696,900)
NET CURRENT ASSETS		39,128,051	60,475,568
TOTAL ASSETS LESS CURRENT LIABILITIES		109,889,714	147,005,277
PROVISIONS FOR LIABILITIES AND CHARGES	19	(9,393,314)	(2,475,923)
PENSION OBLIGATIONS	20	(64,387,000)	(9,010,000)
		36,109,400	135,519,354
CAPITAL AND RESERVES			
Share capital	21	625,138	625,138
Capital conversion reserve fund	22	9,871	9,871
Profit and loss account	22	35,474,391	134,884,345
Shareholders' funds	22	36,109,400	135,519,354

Director

Director

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2008

	Note	2008 €	2007 €
Net cash inflow from operating activities	23	12,081,228	29,323,119
Returns on investments and servicing of finance			
Income from financial fixed assets received		33,079	15,542
Interest received		1,829,359	1,896,666
Interest paid		(330,306)	(491,992)
Interest element of finance lease payments		(1,566)	(2,527)
		1,530,566	1,417,689
Taxation			
Corporation taxation refund		318,843	–
Corporation taxation paid		(663,163)	(3,041,714)
		(344,320)	(3,041,714)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(4,680,327)	(4,414,935)
Proceeds on disposal of tangible fixed assets		-	21,531
Other investments		(327,623)	(15,035,000)
		(5,007,950)	(19,428,404)
Acquisitions and disposals			
Investment in joint venture		(853,314)	(990,000)
Investment in associates		-	(3,896,848)
Investment in subsidiaries		(984,693)	–
Disposal of subsidiary		–	150,120
		(1,838,007)	(4,736,728)
Net cash inflow before financing		6,421,517	3,533,962
Financing			
Bank loans repaid		(1,418,000)	(4,260,000)
Capital element of finance lease repaid		(22,711)	(25,300)
New finance leases		44,342	–
Net cash outflow from financing		(1,396,369)	(4,285,300)
Increase (decrease) in cash	24	5,025,148	(751,338)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008

1. ACCOUNTING POLICIES

(a) *Basis of preparation*
The consolidated financial statements are prepared in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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

The group's share of results of its joint ventures, which are entities in which the group holds an interest on a long term basis and which are jointly controlled by the group and one or more other venturers 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 2008 (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 20 years is charged against operating profit on a straight line basis.

(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	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 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 2008 (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 2008 (Continued)

1. ACCOUNTING POLICIES (Continued)

(*l*) *Pension (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.

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. ADMINISTRATIVE EXPENSES - EXCEPTIONAL ITEM

	2008	*2007*
	€	€
Costs of re-organisation	11,184,173	1,603,000
Accelerated Depreciation - website development costs	3,214,370	-
Impairment of goodwill - Joint Ventures	874,009	-
- Subsidiaries	25,489,779	-
Impairment - other investments	5,000,000	-
	45,762,331	1,603,000

The costs of re-organisation substantially comprise redundancy costs. The tax effect of this for the year ended 31 December 2008 was a credit of €1,118,417 (2007: €160,300).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008	*2007*
	€	€
Interest receivable	2,053,278	1,907,203
Income from financial fixed assets other than shares in group undertakings	244,791	15,542
	2,298,069	1,922,745

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008 €	*2007* €
Finance lease interest	1,566	2,527
Interest on bank loans and overdrafts repayable wholly within five years		
- by instalment	257,605	468,885
- not by instalments	72,701	23,107
Unwinding of discount applicable to deferred consideration	569,194	456,000
	901,066	950,519

6. OTHER FINANCE INCOME

	2008 €	*2007* €
Expected return on pension scheme assets	12,905,000	12,608,000
Interest on pension scheme liabilities	(11,564,000)	(10,538,000)
Net income	1,341,000	2,070,000

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 €	*2007* €
The profit on ordinary activities before taxation is stated after charging (crediting):		
Directors' emoluments		
Details of directors' remuneration are included in the Directors' Report.		
Fees	168,518	158,539
Remuneration:		
Executive directors	1,404,000	2,076,891
Pension costs	707,000	786,000
Chairmen's salaries	159,928	159,928
	2,270,928	3,022,819
Pension paid to former director	11,776	11,776
Auditors' remuneration	189,500	167,633
Amortisation of goodwill	2,545,276	2,547,432
Depreciation of tangible fixed assets	7,812,179	7,287,666
Profit on disposal of fixed assets	–	–
Operating lease rentals – plant and machinery	488,815	458,629
– other	1,710,212	1,552,197
Operating lease rental income – other	(77,166)	–

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (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:

	2008 *Number*	*2007* *Number*
Printing, publishing and distribution	601	571

The aggregate payroll costs comprise:

	€	€
Wages and salaries	41,385,043	40,959,489
Social welfare costs	4,236,083	3,916,124
Pension and other related costs	4,227,208	7,054,888
	49,848,334	51,930,501

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 €	*2007* €
(a) *Analysis of profit and loss account charge:*		
Current tax:		
Tax on profit for the year	363,453	2,948,826
Overprovision in respect of prior years	(331,135)	(243,205)
	32,318	2,705,621
Transfer from statement of total recognised gains and losses	29,000	349,000
	61,318	3,054,621
Deferred tax:		
Origination and reversal of timing differences	(364,431)	34,658
Tax on profit on ordinary activities	(303,113)	3,089,279

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

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

	2008 €	*2007* €
Profit on ordinary activities	(38,452,172)	21,850,510
Profit on ordinary activities multiplied by the standard tax rate 12.5%	(4,806,522)	2,731,314
Effect of:		
Expenses not deductible and non-taxable income	796,983	268,030
Impairments disallowed	3,920,474	-
Other timing differences including differences between capital allowances and depreciation and movement in provisions	218,967	550,902
Higher tax on capital gains	7,188	-
Losses arising in the year not relievable against current tax	18,654	39,880
Higher tax rates on investment income	255,862	238,733
Manufacturing relief	(19,153)	(531,033)
Overprovision in respect of previous years	(331,135)	(243,205)
Current tax charge for the year	61,318	3,054,621

(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 loss for the financial year accounted for by the company dealt with in the consolidated profit and loss account was €43,834,954 (2007: Profit of €21,850,858).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

11. INTANGIBLE ASSETS

Goodwill	€
Cost	
At 31 December 2007	47,260,005
Write back of deferred consideration	(9,000,117)
Recognition of goodwill on new subsidiary (note 13(a))	2,636,239
At 31 December 2008	40,896,127
Amortisation	
At 31 December 2007	2,861,072
Provided during the year	2,545,276
Goodwill impairment (note 3)	25,489,779
At 31 December 2008	30,896,127
Net book value at	
At 31 December 2008	10,000,000
At 31 December 2007	44,398,933

In accordance with FRS 11 'Impairment of Fixed Assets and Goodwill' the carrying value of the goodwill at 31 December 2008 was compared to its recoverable amount, represented by its value in use to the group. The value in use has been derived from discounted cash flow projections using a discount rate of 11.1%. A long-term growth rate consistent with the average industry growth rate has been assumed for five years, followed by a steady growth rate.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

12. TANGIBLE FIXED ASSETS

	Freehold and long leasehold land and premises	*Plant & machinery*	*Website development costs*	*Motor vehicles*	*Office equipment*	*Total*
GROUP	€	€		€	€	€
Cost						
At 31 December 2007	46,829,310	57,377,727	1,070,917	279,806	6,462,115	112,019,875
Additions during year	142,303	2,049,165	2,143,453	–	378,957	4,713,878
Disposals during year	(32,443)	(84,910)	–	(22,055)	–	(139,408)
Accelerated depreciation (note 3)	–	–	(3,214,370)	–	–	(3,214,370)
At 31 December 2008	46,939,170	59,341,982	–	257,751	6,841,072	113,379,975
Depreciation						
At 31 December 2007	8,656,591	30,220,000	–	251,806	5,438,218	44,566,615
Charged during year	1,878,886	5,505,640	–	16,034	411,619	7,812,179
Disposals during year	–	(83,802)	–	(22,055)	–	(105,857)
At 31 December 2008	10,535,477	35,641,838	–	245,785	5,849,837	52,272,937
Net book value at						
At 31 December 2008	36,403,693	23,700,144	–	11,966	991,235	61,107,038
At 31 December 2007	38,172,719	27,157,727	1,070,917	28,000	1,023,897	67,453,260

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

12. TANGIBLE FIXED ASSETS (Continued)

COMPANY	*Freehold and long leasehold land and premises* €	*Plant & machinery* €	*Motor vehicles* €	*Office equipment* €	*Total* €
Cost					
At 31 December 2007	46,827,482	53,826,840	231,806	1,318,052	102,204,180
Additions during year	109,860	2,180,634	–	175,320	2,465,814
Disposals during year	–	–	(22,055)	–	(22,055)
At 31 December 2008	46,937,342	56,007,474	209,751	1,493,372	104,647,939
Depreciation					
At 31 December 2007	8,655,688	27,720,202	231,806	472,115	37,079,811
Charged during year	1,878,274	4,998,183	–	245,373	7,121,830
Disposals during year	–	–	(22,055)	–	(22,055)
At 31 December 2008	10,533,962	32,718,385	209,751	717,488	44,179,586
Net book value at					
At 31 December 2008	36,403,380	23,289,089	–	775,884	60,468,353
At 31 December 2007	38,171,794	26,106,638	–	845,937	65,124,369

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

12. TANGIBLE FIXED ASSETS (Continued)

Capitalised leased assets – group
Included in the cost of plant and machinery is an amount of capitalised leased assets of €1,852,148 (2007: €1,822,945). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2008 amounted to €166,392 (2007: €157,186) and accumulated depreciation was €928,193 (2007: €761,801).

Assets under construction – group
Included in plant and machinery additions are amounts of €NIL (2007: €2,411,181) for assets under construction.

Capitalised leased assets – company
Included in the cost of plant and machinery is an amount of capitalised leased assets of €1,777,539 (2007: €1,777,539). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2008 amounted to €142,203 (2007: €142,203) and accumulated depreciation was €883,337 (2007: €741,134).

Assets under construction – company
Included in plant and machinery additions are amounts of €NIL (2007: €1,339,274) for assets under construction.

13. FINANCIAL FIXED ASSETS

	Group		*Company*	
	2008	*2007*	*2008*	*2007*
	€	€	€	€
Investment in subsidiary undertakings *(a)*	–	–	204	1,056,373
Investment in joint venture undertakings *(b)*	–	1,562,679	–	5,255,600
Investment in associates *(c)*	1,378,874	3,460,418	–	–
Other investments *(d)*	10,632,702	15,093,367	10,293,106	15,093,367
	12,011,576	20,116,464	10,293,310	21,405,340

(a) *Investment in subsidiary undertakings - company*

	Shares at cost	*Loans to subsidiary*	*Total*
	€	€	€
At beginning of year	204	1,056,169	1,056,373
Repayment during year	–	(1,056,169)	(1,056,169)
At 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

13. FINANCIAL FIXED ASSETS (Continued)

On 26 April 2008 D'Olier Investments Limited, a wholly owned subsidiary of The Irish Times Limited, acquired a further 8.13% holding in Gazette Group Newspapers Limited (formerly Relevance Publishing Limited) bringing its total shareholding to 51.98%. Gazette Group Newspapers Limited was recognised as an associate prior to the further investment and as a subsidiary subsequent to the investment.

Subsidiary undertakings at 31 December 2008:

Name	*Registered office*	*Proportion held by: company*	*subsidiary*	*Nature of business*
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 2008 (Continued)

13. FINANCIAL FIXED ASSETS (Continued)

Subsidiary undertakings at 31 December 2008 (continued):

Name	*Registered office*	*Proportion held by: company*	*subsidiary*	*Nature of business*
Gazette Group Newspapers Limited (Formerly Relevance Publishing Limited)	Block 3A Millbank Business park Lucan Co Dublin	–	51.98%	Newspaper publishing

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

(b) *Investment in Joint Venture undertaking*

	€
GROUP	
Cost	
At 31 December 2007	1,562,679
Investment in new joint venture	200,000
Loans advanced during year	653,314
Share of losses during year	(1,471,621)
Goodwill amortisation	(70,363)
Goodwill impairment (note 3)	(874,009)
At 31 December 2008	–

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

13. FINANCIAL FIXED ASSETS (Continued)

COMPANY

	Shares at cost €	*Loans to joint venture* €	*Total* €
At beginning of year	900,000	4,355,600	5,255,600
Additions during year	–	653,314	653,314
Provision for investment impairment	(900,000)	(5,008,914)	(5,908,914)
At end of year	–	–	–

Joint Ventures at 31 December 2008:

Name	*Registered office*	*Proportion held by: company*	*subsidiary*	*Nature of business*
Fortunegreen Limited	Embassy House Ballsbridge Dublin 4	45%	–	Newspaper publishing
Sortridge Limited	2 Tivoli Tce East Dun Laoghaire Co. Dublin	–	50%	Advertising sales representation

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

(c) *Investment in associates*

	2008 €
GROUP	
Cost	
At 31 December 2007	3,460,418
Share of losses during year	(153,044)
Goodwill amortisation	(145,692)
Provision for impairment of loan	(131,520)
Reclassification to subsidiary (note 13(a))	(1,651,288)
At 31 December 2008	1,378,874

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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

13. FINANCIAL FIXED ASSETS (Continued)

c) *Investment in associates (continued)*

Name	*Registered office*	*Proportion held by company*	*Nature of business*
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.

(d) *Other investments*

	Group		*Company*	
	2008	*2007*	*2008*	*2007*
	€	€	€	€
Listed investments	1,729,971	6,017,757	1,729,971	6,017,757
Unlisted investments	8,902,731	9,075,610	8,563,135	9,075,610
	10,632,702	15,093,367	10,293,106	15,093,367

Listed investments consist of shares of quoted companies on recognised stock exchanges. The market value of the holdings at 31 December 2008 was €1,729,971 (2007: €5,241,822).

Included in unlisted investments in Group is an investment of €339,798 in Choice Broadcasting made in 2008.

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

Movements:	*Group*	*Company*
	€	€
Balance 31 December 2007	15,093,367	15,093,367
Income (net)	199,537	199,537
Impairment (note 3)	(5,000,000)	(5,000,000)
Additions	339,798	202
At 31 December 2008	10,632,702	10,293,106

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2008 (Continued)

14. STOCKS

	Group		Company	
	2008	*2007*	*2008*	*2007*
	€	€	€	€
Newsprint and materials	940,642	546,552	940,642	546,552

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

15. DEBTORS

	Group		Company	
	2008	*2007*	*2008*	*2007*
	€	€	€	€
Trade debtors	7,879,412	11,536,582	6,460,348	9,006,266
Amounts due from joint venture	780,484	135,869	718,659	135,869
Amounts due from group companies	–	–	17,770,126	46,564,056
Amounts due from associates	–	653	–	653
Other debtors	211,122	102,926	32,956	41,471
Corporation tax recoverable	347,678	51,181	307,793	–
Prepayments and accrued income	2,698,186	2,420,336	2,282,286	1,778,847
	11,916,882	14,247,547	27,572,168	57,527,162

16. CREDITORS (amounts falling due within one year)

	Group		Company	
	2008	*2007*	*2008*	*2007*
	€	€	€	€
Trade creditors	6,175,680	5,199,942	5,032,679	4,399,985
Tax and social welfare *(a)*	2,969,196	3,568,206	2,828,538	3,251,782
Accruals and deferred income	10,815,467	15,415,529	9,528,582	13,068,234
Deferred Consideration	1,025,194			
Amounts due to joint venture	34,343	53,932	34,343	53,932
Amounts due to associates	–	471,466	–	471,466
Amounts owed to group companies	–	–	10,375,000	9,450,000
Finance lease obligations *(note 26(b))*	33,746	18,319	–	1,501
Bank loan	4,322,000	1,900,000	–	–
Bank overdraft	246,794	–	–	–
	25,622,420	26,627,394	27,799,142	30,696,900

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

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

(a) *Tax and social welfare comprises:*

	Group		*Company*	
	2008	*2007*	*2008*	*2007*
	€	€	€	€
Value added tax	1,044,834	2,258,341	1,080,871	2,095,303
Employment taxes	1,909,762	1,279,760	1,747,667	1,126,374
Corporation tax	14,600	30,105	–	30,105
	2,969,196	3,568,206	2,828,538	3,251,782

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

	2008	*2007*
	€	€
GROUP		
Other creditors	374,584	122,850
Deferred consideration	–	9,456,117
Finance lease obligations (note 26(b))	21,870	15,666
Bank loan	–	3,840,000
	396,454	13,434,633

18. 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.

19. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP and COMPANY

	Restructuring (i)	*Ex-Gratia pensions (ii)*	*Deferred taxation (iii)*	*Total*
	€	€	€	€
At 31 December 2007	1,129,499	482,783	863,641	2,475,923
Provided during year	11,184,173	99,116	–	11,283,289
Utilised during year	(3,929,656)	(71,811)	(364,431)	(4,365,898)
At 31 December 2008	8,384,016	510,088	499,210	9,393,314

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2008 (Continued)

19. 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 principal actuarial assumptions used in determining the provision were a discount rate of 4% (2007: 4.0%) and that pension costs will increase by 4% (2007: 4%) per annum. The provision includes an amount of €178,189 (2007: €161,156), which relates to a former director of the company.

(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:

	2008 €	*2007* €
Accelerated capital allowances	598,210	969,822
Other timing differences	(99,000)	(106,181)
	499,210	863,641

20. 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 2007 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 2007 updated at the balance sheet date. The valuation of liabilities has been performed using the projected unit method.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

20. PENSION OBLIGATIONS (Continued)

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

GROUP

The main assumptions used by the actuary were:

	31/12/2008	*31/12/2007*
Rate of increase in pensionable salaries	3.00%	4.00%
Rate of increase in pension payments	1.75% - 2.00%	2.00% - 2.25%
Discount rate on scheme liabilities	5.70%	5.50%
Expected return on scheme assets	6.59%	6.42%

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	85% PMA92 2030 Age reduction -1
Future pensioners at 65	85% PMA92 2015 Age reduction -1

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

	31/12/2008	*31/12/2007*
Equities	7.70%	7.70%
Bonds	5.70%	5.70%
Property	4.00%	4.70%
Other	2.50%	2.50%

The net pension liability is analysed as follows:

	At 1 December 2008 €'000	*% of scheme assets*	*At 1 December 2007 €'000*	*% of scheme assets*
Scheme assets at fair value:				
Equities	63,398	48.3%	123,726	63.0%
Bonds	48,605	37.0%	49,922	25.4%
Property	12,425	9.5%	16,687	8.5%
Other	6,769	5.2%	6,072	3.1%
Fair value of scheme assets	131,197		196,407	
Present value of scheme liabilities	(206,940)		(206,829)	
Defined benefit pension scheme deficit	(75,743)		(10,422)	
Related deferred tax asset	9,438		1,143	
Net pension liability	(66,305)		(9,279)	

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 2008 (Continued)

20. 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:	*2008*	*2007*
	€'000	*€'000*
Current service cost	(4,257)	(5,940)
Settlements and curtailments	1,428	468
Recognised in arriving at operating profit	(2,829)	(5,472)
Expected return on pension scheme assets	12,905	12,608
Interest on pension scheme liabilities	(11,564)	(10,538)
Other finance income	1,341	2,070
Total recognised in the profit and loss account	(1,488)	(3,402)

Taken to the Statement of Total Recognised Gains and Losses:	*2008*	*2007*
	€'000	*€'000*
Actual return less expected return on scheme assets	(75,986)	(18,221)
Experience losses on schemes' liabilities	(28)	(4,014)
Changes in assumptions underlying the present value of schemes' liabilities	10,464	33,901
Actuarial (loss) gain recognised in Statement of Total Recognised Gains and Losses	(65,550)	11,666
Cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses	(30,890)	34,660

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

20. PENSION OBLIGATIONS (Continued)

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

	2008 *€'000*	*2007* *€'000*
At beginning of year	206,829	224,298
Current service cost	4,257	5,940
Interest cost	11,564	10,538
Benefits paid	(6,001)	(5,362)
Actuarial gain	(10,436)	(29,887)
Members contributions	2,508	2,367
Premiums paid	(353)	(597)
Curtailments	(1,428)	(468)
At end of year	206,940	206,829

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

	2008 *€'000*	*2007* *€'000*
At beginning of year	196,407	198,938
Expected return on plan assets	12,905	12,714
Employer contribution	1,717	6,674
Benefits paid	(6,001)	(5,362)
Actuarial loss	(75,986)	(18,327)
Members contributions	2,508	2,367
Premiums paid	(353)	(597)
	131,197	196,407

The company expects to pay contributions of €7,784,000 to the pension scheme in 2009.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

20. PENSION OBLIGATIONS (Continued)

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

	2008	*2007*	*2006*	*2005*	*2004*
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
Fair value of scheme assets	131,197	196,407	198,938	169,143	138,652
Present value of defined benefit obligations	(206,940)	(206,829)	(224,298)	(225,860)	(178,086)
	(75,743)	(10,422)	(25,360)	(56,717)	(39,434)
Experience adjustments arising on plan liabilities	(28)	(4,014)	(25)	(2,795)	(662)
Experience adjustments arising on plan assets	(75,986)	(18,221)	10,089	17,731	4,777

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2008 (Continued)

20. PENSION OBLIGATIONS (Continued)

COMPANY

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

	31/12/2008	*31/12/2007*
Equities	7.70%	7.70%
Bonds	5.70%	5.70%
Property	4.00%	4.70%
Other	2.50%	2.50%

The net pension liability is analysed as follows:

	At 1 December 2008 €'000	*% of scheme assets*	*At 1 December 2007 €'000*	*% of scheme assets*
Scheme assets at fair value:				
Equities	62,752	48.4%	121,623	63.0%
Bonds	48,605	37.5%	49,015	25.4%
Property	12,267	9.5%	16,395	8.5%
Other	6,153	4.6%	5,980	3.1%
Fair value of scheme assets	129,777		193,013	
Present value of scheme liabilities	(203,363)		(203,166)	
Defined benefit pension scheme deficit	(73,586)		(10,153)	
Related deferred tax asset	9,199		1,143	
Net pension liability	(64,387)		(9,010)	

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 2008 (Continued)

20. PENSION OBLIGATIONS (Continued)

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

	2008	*2007*
	€'000	*€'000*
At beginning of year	203,166	220,254
Current service cost	3,973	5,616
Interest cost	11,347	10,332
Benefits paid	(5,940)	(5,349)
Actuarial gain	(10,140)	(28,877)
Members contributions	2,477	2,226
Premiums paid	(349)	(568)
Curtailments	(1,171)	(468)
At end of year	203,363	203,166

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

	2008	*2007*
	€'000	*€'000*
At beginning of year	193,013	195,538
Expected return on plan assets	12,682	12,481
Employer contribution	1,694	6,320
Benefits paid	(5,940)	(5,349)
Actuarial loss	(73,800)	(17,636)
Members contributions	2,477	2,226
Premiums paid	(349)	(567)
	129,777	193,013

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

	2008	*2007*	*2006*	*2005*	*2004*
	€'000	*€'000*	*€'000*	*€'000*	*€'000*
Fair value of scheme assets	129,777	193,013	195,538	166,418	136,746
Present value of defined benefit obligations	(203,363)	(203,166)	(220,253)	(222,023)	(175,516)
	(73,586)	(10,153)	(24,715)	(55,605)	(38,770)
Experience adjustments arising on plan liabilities	259	(4,037)	(26)	(2,873)	(650)
Experience adjustments arising on plan assets	(73,800)	(17,530)	10,437	17,573	4,819

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

21. SHARE CAPITAL

	2008 €	*2007* €
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.

22. RECONCILIATION OF SHAREHOLDERS' FUNDS

GROUP

	Share capital €	*Capital conversion reserve fund* €	*Profit and loss account* €	*Minority interest* €	*Total* €
At beginning of year	625,138	9,871	127,841,706	–	128,476,715
Profit for financial year	–	–	(37,851,479)	–	(37,851,479)
Net actuarial loss on defined benefit pension scheme	–	–	(57,255,000)	–	(57,255,000)
Current tax on defined benefit pension scheme	–	–	29,000	–	29,000
Recognised during year	–	–	–	(337,435)	(337,435)
At end of Year	625,138	9,871	32,764,227	(337,435)	33,061,801

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

22. RECONCILIATION OF SHAREHOLDERS' FUNDS (Continued)

COMPANY

	Share capital	*Capital conversion reserve fund*	*Profit and loss account*	*Total*
	€	€	€	€
At beginning of year	625,138	9,871	134,884,345	135,519,354
Profit for financial year	–	–	(43,834,954)	(43,834,954)
Net actuarial loss on defined benefit pension scheme	–	–	(55,604,000)	(55,604,000)
Current tax on defined benefit pension scheme	–	–	29,000	29,000
At end of Year	625,138	9,871	35,474,391	36,109,400

23. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW

	2008	*2007*
	€	€
Operating profit	(39,349,455)	20,323,637
Amortisation of intangible assets	2,545,276	2,359,909
Goodwill Impairment	26,363,788	–
Investment Impairment	5,000,000	–
Accelerated depreciation – website development costs	3,214,370	–
Depreciation of tangible fixed assets	7,812,179	7,287,666
(Increase) decrease in stocks	(394,090)	145,676
Decrease (increase) in debtors	2,836,480	396,173
(Decrease) increase in creditors	(4,589,992)	1,018,541
Increase (decrease) in operating provisions	8,642,672	(2,208,483)
Net cash inflow from operating activities	12,081,228	29,323,119

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

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

	2008 €	*2007* €
Increase (decrease) in cash	5,271,942	(936,350)
(Increase) decrease in overdraft	(246,794)	185,012
	5,025,148	(751,338)
Decrease in debt	1,418,000	4,260,000
Capital element of finance lease repaid	22,711	9,634
New finance lease	(44,342)	-
Movement in net funds in the year	6,421,517	3,518,296
Net funds at beginning of year	27,756,924	24,238,628
Net funds at end of year	34,178,441	27,756,924

25. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 December 2007 €	*Cash flow* €	*At 31 December 2008* €
Cash	33,530,909	5,271,942	38,802,851
Bank overdraft	-	(246,794)	(246,794)
Bank Loan	(5,740,000)	1,418,000	(4,322,000)
Finance leases	(33,985)	(21,631)	(55,616)
	27,756,924	6,421,517	34,178,441

26. COMMITMENTS

(a) *Capital commitments – group and company*
Capital commitments contracted for but not provided at 31 December 2008 amount to €Nil (2007: €3,938,000). Capital commitments not contracted for and not provided at 31 December 2008 amounted to €Nil (2007: €Nil).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

26. COMMITMENTS (Continued)

(b) *Finance leases – group and company*

	Group		*Company*	
	2008	*2007*	*2008*	*2007*
	€	€	€	€
Finance lease obligations, net of interest, are due as follows:				
Within one year	33,746	18,319	–	1,501
After one but within 5 years	21,870	15,666	–	–
	55,616	33,985	–	1,501

(c) *Operating leases*

The group has operating lease commitments payable in the next twelve months of €2,749,205, which expire as follows:

GROUP	*Land and buildings*	*Other*	*Total*
	€	€	€
Within one year	960	40,787	41,747
Between one and five years	295,764	350,444	646,208
After five years	2,061,250	–	2,061,250
	2,357,974	391,231	2,749,205

COMPANY	*Land and buildings*	*Other*	*Total*
	€	€	€
Within one year	–	33,737	33,737
Between one and five years	130,000	324,693	454,693
After five years	1,700,000	–	1,700,000
	1,830,000	358,430	2,188,430

27. CONTINGENT LIABILITIES

There were no material contingent liabilities affecting the group or the company at 31 December 2008.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

28. 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 2008 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

29. 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.

30. RELATED PARTY TRANSACTIONS

The company has availed of the exemption provided in FRS 8 "Related Party Transactions" for subsidiary undertakings 90% 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:

	Sales To related Party	*Purchases From related Party*	*Amounts owed to related party*	*Amounts owed by related party*
	€	€	€	€
Fortunegreen Limited	1,683,126	213,999	34,343	332,814
Entertainment Media Networks Limited	25,846	12,482	–	–
Sortridge Limited	990,688	–	–	447,670

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008 (Continued)

31. SUBSEQUENT EVENTS

The Irish Times Limited, Associated Newspapers Limited, and Independent News & Media PLC have agreed to merge their respective titles Metro and Herald AM. The merger is subject to approval by the Competition Authority.

32. 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 2008 on 10 September 2009.