

The Irish Times Limited

Directors' report and consolidated financial statements for the
year ended 31 December 2009

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009

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THE IRISH TIMES LIMITED

COMPANY INFORMATION

DIRECTORS

Tom Arnold
Ruth Barrington
Brian Caulfield
John Fanning
Liam Kavanagh
Geraldine Kennedy
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 2009

The directors present herewith their annual report and audited consolidated financial statements for the year ended 31 December 2009.

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 25.9% to €92M. Newspaper advertising revenue reduced by 42.5%, primarily as a result of the severe slowdown in economic activity which impacted on all advertising and in particular on property and recruitment. Circulation revenue fell marginally during the year. The overall reduction in costs of 17.9% was primarily due to the restructuring programme and related to decreases in employment numbers and costs. There were also significant reductions in newsprint, carriage and overhead costs.

The Group operating loss, before exceptional items, was €4.6M compared to an operating profit of €6.4M in 2008. During 2009, the newspaper experienced a continued reduction in advertising revenue, as economic activity in the country declined further. The restructuring programme and the impairment of goodwill gave rise to an exceptional charge of €19.3M. 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" decreased by €26.9M during the year. This was due primarily to an increase in the value of plan assets due to improved international investment markets.

The Irish Times Limited continues to face significant challenges during 2010 due to difficulties facing the 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:

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

DIRECTORS' REPORT
for the year ended 31 December 2009 (Continued)

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2009

The consolidated profit and loss account for the year ended 31 December 2009 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 difficult though it has now stabilised.

IMPORTANT EVENTS SINCE YEAR END

The Irish Times Limited, Associated Newspapers Limited, and Independent News & Media PLC merged their respective titles Metro and Herald AM on 21 January 2010 with the group's shareholding in Fortunegreen Limited now being 33.33%. Maeve Donovan resigned as Managing Director on 3 February 2010 and was replaced by Liam Kavanagh on 10 March 2010. The Irish Times Limited acquired a further 11.8% of Gazette Group Newspapers Limited on 13 August 2010.

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.

THE IRISH TIMES LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2009 (Continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)

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

Director	Position	Months in office	Remuneration	Fees
Ruth Barrington	Non-Executive & Chairman of The Irish Times Trust Limited	12	(Note1)	Y
Maeve Donovan	Managing Director	12	Y	Y
John Fanning	Non-Executive	12	N	Y
Liam Kavanagh	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 Limited	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. Ruth Barrington replaced David McConnell as Chairman of The Irish Times Trust Limited on 4 May 2010.

Note 2 Maeve Donovan resigned as Managing Director of The Irish Times limited on 3 February 2010 and was replaced by Liam Kavanagh on 10 March 2010.

The average number of directors who held office during the year was 10 (2008: 10).

The average number who received executive remuneration was 4 (2008: 4).

Directors' Fees: The basis for the payment of directors' fees in 2009 was as follows:

Chairman of The Irish Times Limited, Chairman of The Irish Times Trust Limited and executive directors – €11,684 per annum to 31 March 2009 and reduced by 20% to €9,347 thereafter (2008: €11,353).

Non-executive directors – €13,700 per annum to 31 March 2009 and reduced by 20% to €10,960 thereafter (2008: €13,700) plus €11,400 per annum to 31 March 2009 and reduced by 20% to €9,120 thereafter (2008: €11,400) for service on Board sub-committees.

The average fee per director in 2009 was €14,493 (2008: €16,852).

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.

THE IRISH TIMES LIMITED

DIRECTORS' REPORT
for the year ended 31 December 2009 (Continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)

	Note	2009 €'000	2008 €'000
Salary		1,299	1,466
Performance related pay	(i)	-	-
Benefits-in-kind	(ii)	92	98
Ex Gratia payment	(iii)	1,100	-
Subtotal		2,491	1,564
Pension current service cost		676	707
Total		3,167	2,271

- (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 2009.
- (ii) The benefit-in-kind arrangements for executive directors relate primarily to company cars. There are no loans to directors.
- (iii) The Ex-Gratia payment relates primarily to an agreed commutation of pension rights accrued by the Managing Director under her employment contract on her retirement on 3 February 2010. The company also entered into a non-compete arrangement for 2 years from 3 February 2010 for an annual payment of €50,000.

The annual salaries at 31 December 2009 for the continuing executive director positions and the non-executive chairmen were as follows:

	2009 €'000	2008 €'000
Continuing Executive Directors		
Managing Director	319	399
Editor	319	399
Deputy Managing Director	259	304
Deputy Editor	173	204
Non-Executive Chairmen		
The Irish Times Limited	87	108
The Irish Times Trust Limited	41	52
Total	1,198	1,466

DIRECTORS' REPORT
for the year ended 31 December 2009 (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:

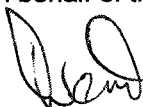
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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:

28/09/10

**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 2009 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.

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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.

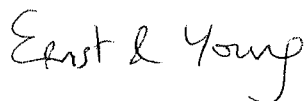
Opinion

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 at 31 December 2009 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.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young
Chartered Accountants and Registered Auditors

Dublin

30 September 2010


THE IRISH TIMES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2009

	Note	2009 €	2008 €
Group turnover – continuing operations	2	92,121,657	124,263,374
Cost of sales		(63,016,393)	(77,630,031)
Gross profit		29,105,264	46,633,343
Distribution costs		(12,487,002)	(13,821,295)
Administrative expenses		(21,238,042)	(26,399,172)
Total operating expenses excluding exceptional item		(33,725,044)	(40,220,467)
Group operating (loss) profit before exceptional item		(4,619,780)	6,412,876
Administrative expenses - exceptional item	3	(19,279,729)	(45,762,331)
Group operating loss after exceptional item		(23,899,509)	(39,349,455)
Share of operating loss of joint ventures		(1,158,381)	(1,471,621)
Share of operating profit (loss) of associates		114,076	(153,044)
Amortisation of goodwill on investment in joint venture		(19,234)	(70,363)
Amortisation of goodwill on investment in associates		(140,315)	(145,692)
Total operating loss after group share of joint venture and associates		(25,103,363)	(41,190,175)
Interest receivable and similar income	4	842,282	2,298,069
Interest payable and similar charges	5	(96,456)	(901,066)
Other finance (expense) income	6	(3,989,000)	1,341,000
Loss on ordinary activities before taxation	7	(28,346,537)	(38,452,172)
Tax on loss on ordinary activities	9	463,069	303,113
Loss for the financial year after taxation	10	(27,883,468)	(38,149,059)
Loss attributable to minority interest		-	297,580
Loss for the year attributable to shareholders		(27,883,468)	(37,851,479)

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


Director


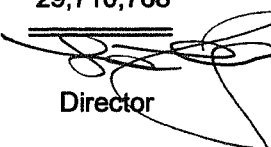

Director

THE IRISH TIMES LIMITED**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2009**

	<i>Note</i>	<i>2009</i> €	<i>2008</i> €
Loss for the financial year attributable to the shareholders		(27,883,468)	(37,851,479)
Actuarial gain (loss) on defined benefit pension schemes	20	27,652,000	(65,550,000)
Deferred tax on defined benefit pension schemes		(3,842,000)	8,295,000
Current tax on defined benefit pension schemes	20	385,000	29,000
		<hr/>	<hr/>
Total recognised gains and losses for the year		<u>(3,688,468)</u>	<u>(95,077,479)</u>

THE IRISH TIMES LIMITED

**CONSOLIDATED BALANCE SHEET
at 31 December 2009**

	Note	2009 €	2008 €
FIXED ASSETS			
Intangible assets	11	-	10,000,000
Tangible assets	12	54,508,755	61,107,038
Financial assets	13		
Joint venture			
- Share of gross assets		1,085,977	1,231,338
- Share of gross liabilities		(1,082,782)	(1,231,338)
Associates		1,352,634	1,378,874
Other investments		9,349,038	10,632,702
		<u>65,213,622</u>	<u>83,118,614</u>
CURRENT ASSETS			
Stocks	14	382,574	940,642
Debtors	15	8,358,550	11,916,882
Cash at bank and in hand		13,473,420	38,802,851
		<u>22,214,544</u>	<u>51,660,375</u>
CREDITORS (amounts falling due within one year)	16	(16,029,505)	(25,622,420)
		<u>6,185,039</u>	<u>26,037,955</u>
NET CURRENT ASSETS			
		<u>71,398,661</u>	<u>109,156,569</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS (amounts falling due after more than one year)	17	(664,805)	(396,454)
PROVISIONS FOR LIABILITIES AND CHARGES	19	(1,610,088)	(9,393,314)
PENSION OBLIGATIONS	20	(39,413,000)	(66,305,000)
		<u>29,710,768</u>	<u>33,061,801</u>
CAPITAL AND RESERVES			
Share capital	21	625,138	625,138
Capital conversion reserve fund	22	9,871	9,871
Profit and loss account	22	29,075,759	32,764,227
		<u>29,710,768</u>	<u>33,399,236</u>
Minority Interest	22	-	(337,435)
Shareholders' funds	22	<u>29,710,768</u>	<u>33,061,801</u>
 Director		 Director	

THE IRISH TIMES LIMITED

**COMPANY BALANCE SHEET
at 31 December 2009**

	Note	2009 €	2008 €
FIXED ASSETS			
Tangible assets	12	53,954,764	60,468,353
Financial assets	13	9,349,242	10,293,310
		<u>63,304,006</u>	<u>70,761,663</u>
CURRENT ASSETS			
Stocks	14	382,574	940,642
Debtors	15	18,562,128	27,572,168
Cash at bank and in hand		13,309,906	38,414,383
		<u>32,254,608</u>	<u>66,927,193</u>
CREDITORS (amounts falling due within one year)	16	(23,945,051)	(27,799,142)
NET CURRENT ASSETS		<u>8,309,557</u>	<u>39,128,051</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>71,613,563</u>	<u>109,889,714</u>
PROVISIONS FOR LIABILITIES AND CHARGES	19	(1,610,088)	(9,393,314)
PENSION OBLIGATIONS	20	(39,109,000)	(64,387,000)
		<u>30,894,475</u>	<u>36,109,400</u>
CAPITAL AND RESERVES			
Share capital	21	625,138	625,138
Capital conversion reserve fund	22	9,871	9,871
Profit and loss account	22	30,259,466	35,474,391
Shareholders' funds	22	<u>30,894,475</u>	<u>36,109,400</u>


Director


Director

THE IRISH TIMES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2009

	Note	2009 €	2008 €
Net cash (outflow) inflow from operating activities	23	(18,480,818)	12,081,228
<i>Returns on investments and servicing of finance</i>			
Income from financial fixed assets received		(6,005)	33,079
Interest received		1,125,985	1,829,359
Interest paid		(96,054)	(330,306)
Interest element of finance lease payments		(402)	(1,566)
		<u>1,023,524</u>	<u>1,530,566</u>
<i>Taxation</i>			
Corporation taxation refund		214,496	318,843
Corporation taxation paid		(17,948)	(663,163)
		<u>196,548</u>	<u>(344,320)</u>
<i>Capital expenditure and financial investment</i>			
Purchase of tangible fixed assets		(928,114)	(4,680,327)
Proceeds on disposal of tangible fixed assets		19,582	-
Other investments		(187,851)	(327,623)
		<u>(1,096,383)</u>	<u>(5,007,950)</u>
<i>Acquisitions and disposals</i>			
Investment in joint venture		(2,107,626)	(853,314)
Investment in subsidiaries		(1,025,195)	(984,693)
		<u>(3,132,821)</u>	<u>(1,838,007)</u>
<i>Net cash (outflow) inflow before financing</i>		<u>(21,489,950)</u>	<u>6,421,517</u>
<i>Financing</i>			
Bank loans repaid		(3,822,000)	(1,418,000)
Capital element of finance lease repaid		(16,253)	(22,711)
New finance leases		-	44,342
<i>Net cash outflow from financing</i>		<u>(3,838,253)</u>	<u>(1,396,369)</u>
(Decrease) increase in cash	24	<u><u>(25,328,203)</u></u>	<u><u>5,025,148</u></u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009**

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 ventures under a contractual arrangement, are gross equity-accounted from the date on which the joint venture agreements are finalised.

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

(c) *Currency*

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

(d) *Turnover*

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

(e) *Advertising and promotional expenditure*

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

(f) *Taxation*

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

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

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)**

1. ACCOUNTING POLICIES (Continued)

(f) *Taxation (continued)*

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

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

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

(g) *Goodwill*

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

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

(h) *Tangible fixed assets and depreciation*

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

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

Freehold and long leasehold land	nil
Freehold and long leasehold premises	2% to 10% straight line
Plant and machinery	8½% to 33½% straight line
Motor vehicles	20% straight line
Office equipment	20% to 33½% 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 2009 (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 2009 (Continued)**

1. ACCOUNTING POLICIES (Continued)

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

3. ADMINISTRATIVE EXPENSES - EXCEPTIONAL ITEM	2009	2008
	€	€
Costs of re-organisation	7,991,750	11,184,173
Accelerated Depreciation - website development costs	—	3,214,370
Impairment of goodwill - Subsidiaries	8,518,519	25,489,779
Impairment of Joint Venture	892,225	874,009
Impairment of Minority Interest - Subsidiaries	337,437	—
Impairment - other investments	1,539,798	5,000,000
	<u>19,279,729</u>	<u>45,762,331</u>

The costs of re-organisation substantially comprise redundancy costs. The tax effect of this for the year ended 31 December 2009 was a credit of €998,969 (2008: €1,118,417).

4. INTEREST RECEIVABLE AND SIMILAR INCOME	2009	2008
	€	€
Interest receivable	780,002	2,053,278
Income from financial fixed assets other than shares in group undertakings	62,280	244,791
	<u>842,282</u>	<u>2,298,069</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)

5.	INTEREST PAYABLE AND SIMILAR CHARGES	2009	2008
		€	€
	Finance lease interest	402	1,566
	Interest on bank loans and overdrafts repayable wholly within five years		
	- by instalment	45,849	257,605
	- not by instalments	50,205	72,701
	Unwinding of discount applicable to deferred consideration	-	569,194
		<u>96,456</u>	<u>901,066</u>
6.	OTHER FINANCE (EXPENSE) INCOME	2009	2008
		€	€
	Expected return on pension scheme assets	7,946,000	12,905,000
	Interest on pension scheme liabilities	(11,935,000)	(11,564,000)
	Net (expense) income	<u>(3,989,000)</u>	<u>1,341,000</u>
7.	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2009	2008
		€	€
	The loss on ordinary activities before taxation is stated after charging (crediting):		
	<i>Directors' emoluments</i>		
	Details of directors' remuneration are included in the Directors' Report.		
	Fees	<u>144,926</u>	<u>168,518</u>
	Remuneration:		
	Executive directors	1,255,000	1,404,000
	Ex-Gratia payment	1,100,000	-
	Pension costs	676,000	707,000
	Chairmens' salaries	135,939	159,928
		<u>3,166,939</u>	<u>2,270,928</u>
	Pension paid to former director	11,776	11,776
	Auditors' remuneration	163,400	189,500
	Amortisation of goodwill	1,481,481	2,545,276
	Depreciation of tangible fixed assets	7,499,155	7,812,179
	Profit on disposal of fixed assets	7,660	-
	Operating lease rentals – plant and machinery	429,505	488,815
	– other	1,612,960	1,710,212
	Operating lease rental income – other	<u>(76,746)</u>	<u>(77,166)</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (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:

	2009 Number	2008 Number
Printing, publishing and distribution	<u>513</u>	<u>601</u>

The aggregate payroll costs comprise:

	€	€
Wages and salaries	34,935,223	41,385,043
Social welfare costs	3,616,035	4,236,083
Pension and other related costs	2,098,017	4,227,208
	<u>40,649,275</u>	<u>49,848,334</u>

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

9. TAX ON LOSS ON ORDINARY ACTIVITIES	2009 €	2008 €
(a) <i>Analysis of profit and loss account charge:</i>		
Current tax:		
Tax on loss for the year	(653,581)	363,453
Underprovision (overprovision) in respect of prior years	304,722	(331,135)
	<u>(348,859)</u>	<u>32,318</u>
Transfer from statement of total recognised gains and losses	385,000	29,000
	<u>36,141</u>	<u>61,318</u>
Deferred tax:		
Origination and reversal of timing differences	(499,210)	(364,431)
Tax credit on loss on ordinary activities	<u>(463,069)</u>	<u>(303,113)</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)**

9. TAX ON LOSS ON ORDINARY ACTIVITIES (Continued)

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

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

	2009 €	2008 €
Loss on ordinary activities	(28,346,537)	(38,452,172)
Loss on ordinary activities multiplied by the standard tax rate 12.5%	(3,543,317)	(4,806,522)
<i>Effect of:</i>		
Expenses not deductible and non-taxable income	316,639	796,983
Impairments disallowed	1,410,997	3,920,474
Other timing differences including differences between capital allowances and depreciation and movement in provisions	361,053	218,967
Higher tax on capital gains	2,286	7,188
Losses arising in the year carried back to an earlier period	(653,581)	-
Losses arising in the year not relievable against current tax	1,739,924	18,654
Higher tax rates on investment income	97,418	255,862
Manufacturing relief	-	(19,153)
Underprovision (overprovision) in respect of previous years	304,722	(331,135)
Current tax charge for the year	<u>36,141</u>	<u>61,318</u>

(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 expires in 2010.

10. LOSS 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 €27,549,925 (2008: Loss of €43,834,954).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)

11. INTANGIBLE ASSETS

<i>Goodwill</i>	€
<i>Cost</i>	
At 31 December 2008 and 2009	40,896,127
	<hr/>
<i>Amortisation</i>	
At 31 December 2008	30,896,127
Provided during the year	1,481,481
Goodwill impairment (Note 3)	8,518,519
	<hr/>
At 31 December 2009	40,896,127
	<hr/>
<i>Net book value at</i>	
At 31 December 2009	-
	<hr/> <hr/>
At 31 December 2008	10,000,000
	<hr/> <hr/>

In accordance with FRS 11 'Impairment of Fixed Assets and Goodwill' the carrying value of the goodwill at 31 December 2009 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 11.62%.

THE IRISH TIMES LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)

12. TANGIBLE FIXED ASSETS	Freehold and long leasehold land and premises	Plant & machinery	Motor vehicles	Office equipment	Total
GROUP	€	€	€	€	€
Cost					
At 31 December 2008	46,939,170	59,341,982	257,751	6,841,072	113,379,975
Additions during year	238,353	539,857	22,911	126,993	928,114
Disposals during year	—	(2,619,017)	(171,561)	(47,575)	(2,838,153)
At 31 December 2009	47,177,523	57,262,822	109,101	6,920,490	111,469,936
Depreciation					
At 31 December 2008	10,535,477	35,641,838	245,785	5,849,837	52,272,937
Charged during year	1,900,079	5,254,468	9,954	334,654	7,499,155
Disposals during year	—	(2,618,685)	(164,942)	(27,284)	(2,810,911)
At 31 December 2009	12,435,556	38,277,621	90,797	6,157,207	56,961,181
Net book value at					
At 31 December 2009	34,741,967	18,985,201	18,304	763,283	54,508,755
At 31 December 2008	36,403,693	23,700,144	11,966	991,235	61,107,038

THE IRISH TIMES LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)

12. TANGIBLE FIXED ASSETS (Continued) Freehold and long leasehold land and premises	Plant & machinery	Motor vehicles	Office equipment	Total
COMPANY	€	€	€	€
<i>Cost</i>				
At 31 December 2008	46,937,342	209,751	1,493,372	104,647,939
Additions during year	238,353	—	1,190	438,501
Disposals during year	—	(123,561)	(47,575)	(171,136)
At 31 December 2009	47,175,695	86,190	1,446,987	104,915,304
<i>Depreciation</i>				
At 31 December 2008	10,533,962	209,751	717,488	44,179,586
Charged during year	1,899,763	—	242,216	6,931,798
Disposals during year	—	(123,561)	(27,283)	(150,844)
At 31 December 2009	12,433,725	86,190	932,421	50,960,540
<i>Net book value at</i>				
At 31 December 2009	34,741,970	—	514,566	53,954,764
At 31 December 2008	36,403,380	—	775,884	60,468,353

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (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 €1,870,943 (2008: €1,870,943). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2009 amounted to €163,113 (2008: €167,908) and accumulated depreciation was €1,097,620 (2008: €934,507).

Included in the cost of office equipment is an amount of capitalised leased assets of €9,864 (2008: €9,864). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2009 amounted to €2,602 (2008: €2,125) and accumulated depreciation was €6,664 (2008: €4,062).

Included in the cost of motor vehicles is an amount of capitalised leased assets of €22,911 (2008: €Nil). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2009 amounted to €4,607 (2008: €Nil) and accumulated depreciation was €4,607 (2008: €Nil).

Capitalised leased assets – company

Included in the cost of plant and machinery is an amount of capitalised leased assets of €1,777,539 (2008: €1,777,539). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2009 amounted to €142,203 (2008: €142,203) and accumulated depreciation was €1,025,540 (2008: €883,337).

13. FINANCIAL FIXED ASSETS

	<i>Group</i>		<i>Company</i>	
	2009	2008	2009	2008
	€	€	€	€
Investment in subsidiary undertakings (a)	–	–	204	204
Investment in joint venture undertakings (b)	3,195	–	–	–
Investment in associates (c)	1,352,634	1,378,874	–	–
Other investments (d)	9,349,038	10,632,702	9,349,038	10,293,106
	<u>10,704,867</u>	<u>12,011,576</u>	<u>9,349,242</u>	<u>10,293,310</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)**

13. FINANCIAL FIXED ASSETS (Continued)

(a) *Investment in subsidiary undertakings - company*

	<i>Shares at cost</i> €	<i>Loans to subsidiary</i> €	<i>Total</i> €
At beginning of year	204	–	204
Repayment during year	–	–	–
	<hr/>	<hr/>	<hr/>
At end of year	<u>204</u>	<u>–</u>	<u>204</u>

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

Subsidiary undertakings at 31 December 2009:

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

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)**

13. FINANCIAL FIXED ASSETS (Continued)

Subsidiary undertakings at 31 December 2009 (continued):

<i>Name</i>	<i>Registered office</i>	<i>Proportion held by: company</i>	<i>subsidiary</i>	<i>Nature of business</i>
Gazette Group Newspapers Limited	Block 3A Millbank Business park Lucan Co Dublin	-	51.98%	Newspaper publishing

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

(b) *Investment in Joint Venture undertakings*

	€
GROUP	
Cost	
At 31 December 2008	-
Loans advanced during year	2,073,035
Share of losses during year	(1,158,381)
Goodwill amortisation	(19,234)
Investment impairment	(892,225)
	<hr/>
At 31 December 2009	<u>3,195</u>

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 2009 (Continued)

13. FINANCIAL FIXED ASSETS (Continued)

COMPANY

	<i>Loans to joint venture</i>	<i>Total</i>
	€	€
At beginning of year	–	–
Additions during year	1,942,629	1,942,629
Provision for investment impairment	(1,942,629)	(1,942,629)
	<hr/>	<hr/>
At end of year	–	–
	<hr/> <hr/>	<hr/> <hr/>

Joint Ventures at 31 December 2009:

<i>Name</i>	<i>Registered office</i>	<i>Proportion held by:</i>		<i>Nature of business</i>
		<i>company</i>	<i>subsidiary</i>	
Fortunegreen Limited	Embassy House Ballsbridge Dublin 4	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.

<i>(c)</i>	<i>Investment in associates</i>	2009
		€
	GROUP	
	Cost	
	At 31 December 2008	1,378,874
	Share of profits during year	114,075
	Goodwill amortisation	(140,315)
		<hr/>
	At 31 December 2009	1,352,634
		<hr/> <hr/>

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 2009 (Continued)

13. FINANCIAL FIXED ASSETS (Continued)

(c) *Investment in associates (continued)*

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

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

(d) *Other investments*

	<i>Group</i>		<i>Company</i>	
	<i>2009</i>	<i>2008</i>	<i>2009</i>	<i>2008</i>
	€	€	€	€
Listed investments	1,863,883	1,729,971	1,863,883	1,729,971
Unlisted investments	7,485,155	8,902,731	7,485,155	8,563,135
	<u>9,349,038</u>	<u>10,632,702</u>	<u>9,349,038</u>	<u>10,293,106</u>

Listed investments consist of shares of quoted companies on recognised stock exchanges. The market value of the holdings at 31 December 2009 was €2,429,958 (2008: €1,729,971).

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

<i>Movements:</i>	<i>Group</i>	<i>Company</i>
	€	€
Balance 31 December 2008	10,632,702	10,293,106
Additions	200,000	–
Income	56,134	56,134
Impairment (note 3)	(1,539,798)	(1,000,202)
	<u>9,349,038</u>	<u>9,349,038</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)

14. STOCKS	<i>Group</i>		<i>Company</i>	
	2009	2008	2009	2008
	€	€	€	€
Newsprint and materials	382,574	940,642	382,574	940,642

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

15. DEBTORS	<i>Group</i>		<i>Company</i>	
	2009	2008	2009	2008
	€	€	€	€
Trade debtors	5,576,176	7,879,412	4,297,750	6,460,348
Amounts due from joint venture	482,956	780,484	369,112	718,659
Amounts due from group companies	–	–	11,929,328	17,770,126
Other debtors	72,768	211,122	35,189	32,956
Corporation tax recoverable	485,860	347,678	458,120	307,793
Prepayments and accrued income	1,740,790	2,698,186	1,472,629	2,282,286
	8,358,550	11,916,882	18,562,128	27,572,168

16. CREDITORS (amounts falling due within one year)	<i>Group</i>		<i>Company</i>	
	2009	2008	2009	2008
	€	€	€	€
Trade creditors	4,834,794	6,175,680	4,170,973	5,032,679
Tax and social welfare (a)	2,548,390	2,969,196	2,305,319	2,828,538
Accruals and deferred income	7,396,413	10,815,467	6,730,504	9,528,582
Deferred Consideration	–	1,025,194	–	–
Amounts due to joint venture	44,463	34,343	38,063	34,343
Amounts due to associates	440,192	–	440,192	–
Amounts owed to group companies	–	–	10,260,000	10,375,000
Finance lease obligations (note 26(a))	19,687	33,746	–	–
Bank loan	500,000	4,322,000	–	–
Bank overdraft	245,566	246,794	–	–
	16,029,505	25,622,420	23,945,051	27,799,142

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)

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

(a) Tax and social welfare comprises:

	Group		Company	
	2009 €	2008 €	2009 €	2008 €
Value added tax	1,151,077	1,044,834	1,004,219	1,080,871
Employment taxes	1,396,839	1,909,762	1,301,100	1,747,667
Corporation tax	474	14,600	-	-
	<u>2,548,390</u>	<u>2,969,196</u>	<u>2,305,319</u>	<u>2,828,538</u>

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

GROUP

	2009 €	2008 €
Other creditors	645,129	374,584
Finance lease obligations (note 26(a))	19,676	21,870
	<u>664,805</u>	<u>396,454</u>

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 2008	8,384,016	510,088	499,210	9,393,314
Provided during year	7,991,750	64,559	-	8,056,309
Utilised during year	(15,275,766)	(64,559)	(499,210)	(15,839,535)
	<u>1,100,000</u>	<u>510,088</u>	<u>-</u>	<u>1,610,088</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (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% (2008: 4.0%) and that pension costs will increase by 4% (2008: 4%) per annum. The provision includes an amount of €162,253 (2008: €178,189), 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 offset by losses forward. An unrecognised deferred tax asset of €1.1M in respect of losses forward has not been recognised at 31 December 2009 as uncertainty exists regarding the utilisation of these losses.

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 2009 (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:

	31/12/2009	31/12/2008
Rate of increase in pensionable salaries	3.00%	3.00%
Rate of increase in pension payments	1.75% - 2.00%	1.75% - 2.00%
Discount rate on scheme liabilities	5.90%	5.70%
Expected return on scheme assets	6.13%	6.59%

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:

	31/12/2009	31/12/2008
Equities	8.00%	7.70%
Bonds	4.00%	4.00%
Property	6.00%	5.70%
Other	1.00%	2.50%

The net pension liability is analysed as follows:

	At 31 December 2009 €'000	% of scheme assets	At 31 December 2008 €'000	% of scheme assets
<i>Scheme assets at fair value:</i>				
Equities	88,137	56.2%	63,398	48.3%
Bonds	52,131	33.2%	48,605	37.0%
Property	10,436	6.6%	12,425	9.5%
Other	6,269	4.0%	6,769	5.2%
Fair value of scheme assets	156,973		131,197	
Present value of scheme liabilities	(201,982)		(206,940)	
Defined benefit pension scheme deficit	(45,009)		(75,743)	
Related deferred tax asset	5,596		9,438	
Net pension liability	(39,413)		(66,305)	

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 2009 (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:

	2009 €'000	2008 €'000
Current service cost	(3,664)	(4,257)
Settlements and curtailments	3,161	1,428
	<u> </u>	<u> </u>
Recognised in arriving at operating loss	(503)	(2,829)
	<u> </u>	<u> </u>
Expected return on pension scheme assets	7,946	12,905
Interest on pension scheme liabilities	(11,935)	(11,564)
	<u> </u>	<u> </u>
Other finance (expense) income	(3,989)	1,341
	<u> </u>	<u> </u>
Total recognised in the profit and loss account	<u>(4,492)</u>	<u>(1,488)</u>

Taken to the Statement of Total Recognised Gains and Losses:

	2009 €'000	2008 €'000
Actual return less expected return on scheme assets	16,924	(75,986)
Experience losses on schemes' liabilities	6,738	(28)
Changes in assumptions underlying the present value of schemes' liabilities	3,990	10,464
	<u> </u>	<u> </u>
Actuarial gain (loss) recognised in Statement of Total Recognised Gains and Losses	<u>27,652</u>	<u>(65,550)</u>
	<u> </u>	<u> </u>
Cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses	<u>(3,238)</u>	<u>(30,890)</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)

20. PENSION OBLIGATIONS (Continued)

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

	2009 €'000	2008 €'000
At beginning of year	206,940	206,829
Current service cost	3,654	4,257
Interest cost	11,935	11,564
Benefits paid	(6,120)	(6,001)
Actuarial gain	(10,728)	(10,436)
Members contributions	2,212	2,508
Premiums paid	(364)	(353)
Settlements and curtailments	(5,547)	(1,428)
	<u>201,982</u>	<u>206,940</u>

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

	2009 €'000	2008 €'000
At beginning of year	131,197	196,407
Expected return on plan assets	7,946	12,905
Employer contribution	7,564	1,717
Benefits paid	(6,120)	(6,001)
Actuarial gain (loss)	16,924	(75,986)
Members contributions	2,212	2,508
Premiums paid	(364)	(353)
Settlements	(2,386)	-
	<u>156,973</u>	<u>131,197</u>

The company expects to pay contributions of €7,804,000 to the pension scheme in 2010.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)**

20. PENSION OBLIGATIONS (Continued)

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

	2009	2008	2007	2006	2005
	€'000	€'000	€'000	€'000	€'000
Fair value of scheme assets	156,973	131,197	196,407	198,938	169,143
Present value of defined benefit obligations	(201,982)	(206,940)	(206,829)	(224,298)	(225,860)
	<u>(45,009)</u>	<u>(75,743)</u>	<u>(10,422)</u>	<u>(25,360)</u>	<u>(56,717)</u>
Experience adjustments arising on plan liabilities	<u>6,738</u>	<u>(28)</u>	<u>(4,060)</u>	<u>(4,608)</u>	<u>(2,952)</u>
Experience adjustments arising on plan assets	<u>16,924</u>	<u>(75,986)</u>	<u>(18,221)</u>	<u>10,786</u>	<u>17,731</u>

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)**

20. PENSION OBLIGATIONS (Continued)

COMPANY

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

	31/12/2009	31/12/2008
Equities	8.00%	7.70%
Bonds	4.00%	4.00%
Property	6.00%	5.70%
Other	1.00%	2.50%

The net pension liability is analysed as follows:

	<i>At 31 December 2009 €'000</i>	<i>% of scheme assets</i>	<i>At 31 December 2008 €'000</i>	<i>% of scheme assets</i>
<i>Scheme assets at fair value:</i>				
Equities	87,517	56.2%	62,752	48.4%
Bonds	51,682	33.2%	48,605	37.5%
Property	10,355	6.6%	12,267	9.5%
Other	6,233	4.0%	6,153	4.6%
	<hr/>		<hr/>	
Fair value of scheme assets	155,787		129,777	
Present value of scheme liabilities	(200,484)		(203,363)	
	<hr/>		<hr/>	
Defined benefit pension scheme deficit	(44,697)		(73,586)	
Related deferred tax asset	5,588		9,199	
	<hr/>		<hr/>	
Net pension liability	<u>(39,109)</u>		<u>(64,387)</u>	

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)

20. PENSION OBLIGATIONS (Continued)

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

	2009 €'000	2008 €'000
At beginning of year	203,363	203,166
Current service cost	3,445	3,973
Interest cost	11,719	11,347
Benefits paid	(6,076)	(5,940)
Actuarial gain	(10,637)	(10,140)
Members contributions	2,192	2,477
Premiums paid	(361)	(349)
Curtailments	(3,161)	(1,171)
	<u> </u>	<u> </u>
At end of year	<u>200,484</u>	<u>203,363</u>

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

	2009 €'000	2008 €'000
At beginning of year	129,777	193,013
Expected return on plan assets	7,862	12,682
Employer contribution	7,505	1,694
Benefits paid	(6,076)	(5,940)
Actuarial loss	14,888	(73,800)
Members contributions	2,192	2,477
Premiums paid	(361)	(349)
	<u> </u>	<u> </u>
	<u>155,787</u>	<u>129,777</u>

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

	2009 €'000	2008 €'000	2007 €'000	2006 €'000	2005 €'000
Fair value of scheme assets	155,787	129,777	193,013	195,538	166,418
Present value of defined benefit obligations	(200,484)	(203,363)	(203,166)	(220,253)	(222,023)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>(44,697)</u>	<u>(73,586)</u>	<u>(10,153)</u>	<u>(24,715)</u>	<u>(55,605)</u>
Experience adjustments arising on plan liabilities	<u>(6,700)</u>	<u>259</u>	<u>(4,037)</u>	<u>(4,600)</u>	<u>(2,873)</u>
Experience adjustments arising on plan assets	<u>(14,888)</u>	<u>(73,800)</u>	<u>(17,530)</u>	<u>10,437</u>	<u>17,573</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)

21.	SHARE CAPITAL	2009	2008
		€	€
	<i>GROUP AND COMPANY</i>		
	<i>Authorised, allotted, called up and fully paid:</i>		
	500,000 ordinary shares of €1.25 each	625,000	625,000
	110 preference shares of €1.25 each	138	138
		<u>625,138</u>	<u>625,138</u>

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

The ordinary shares are non-voting shares.

22. RECONCILIATION OF SHAREHOLDERS' FUNDS

GROUP

	<i>Share capital</i>	<i>Capital conversion reserve fund</i>	<i>Profit and loss account</i>	<i>Minority interest</i>	<i>Total</i>
	€	€	€	€	€
At beginning of year	625,138	9,871	32,764,227	(337,435)	33,061,801
Loss for financial year	-	-	(27,883,468)	-	(27,883,468)
Net actuarial gain on defined benefit pension scheme	-	-	23,810,000	-	23,810,000
Current tax on defined benefit pension scheme	-	-	385,000	-	385,000
Impaired during year	-	-	-	337,435	337,435
At end of Year	<u>625,138</u>	<u>9,871</u>	<u>29,075,759</u>	<u>-</u>	<u>29,710,768</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)

22. RECONCILIATION OF SHAREHOLDERS' FUNDS (Continued)

COMPANY

	<i>Share capital</i>	<i>Capital conversion reserve fund</i>	<i>Profit and loss account</i>	<i>Total</i>
	€	€	€	€
At beginning of year	625,138	9,871	35,474,391	36,109,400
Loss for financial year	-	-	(27,549,925)	(27,549,925)
Net actuarial gain on defined benefit pension scheme	-	-	21,914,000	21,914,000
Current tax on defined benefit pension scheme	-	-	421,000	421,000
At end of year	<u>625,138</u>	<u>9,871</u>	<u>30,259,466</u>	<u>30,894,475</u>

23. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOW	2009 €	2008 €
Operating loss	(23,899,509)	(39,349,455)
Amortisation of intangible assets	1,481,481	2,545,276
Loss on Disposal of fixed assets	7,660	-
Goodwill Impairment	8,518,519	26,363,788
Investment Impairment	2,432,023	5,000,000
Accelerated depreciation – website development costs	-	3,214,370
Write off Minority Interest	337,437	-
Depreciation of tangible fixed assets	7,499,155	7,812,179
Decrease (increase) in stocks	558,069	(394,090)
Decrease in debtors	3,365,131	2,836,480
Decrease in creditors	(4,528,793)	(4,589,992)
(Decrease) increase in operating provisions	(14,251,991)	8,642,672
Net cash (outflow) inflow from operating activities	<u>(18,480,818)</u>	<u>12,081,228</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)

24.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2009 €	2008 €
	(Decrease) increase in cash	(25,329,431)	5,271,942
	Decrease (increase) in overdraft	1,228	(246,794)
		<u>(25,328,203)</u>	<u>5,025,148</u>
	Decrease in debt	3,822,000	1,418,000
	Capital element of finance lease repaid	16,253	22,711
	New finance lease	–	(44,342)
		<u>(21,489,950)</u>	<u>6,421,517</u>
	Movement in net funds in the year	(21,489,950)	6,421,517
	Net funds at beginning of year	34,178,441	27,756,924
		<u>34,178,441</u>	<u>27,756,924</u>
	Net funds at end of year	<u>12,688,491</u>	<u>34,178,441</u>

25. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 December 2008 €	Cash flow €	At 31 December 2009 €
Cash	38,802,851	(25,329,431)	13,473,420
Bank overdraft	(246,794)	1,228	(245,566)
Bank Loan	(4,322,000)	3,822,000	(500,000)
Finance leases	(55,616)	16,253	(39,363)
	<u>34,178,441</u>	<u>(21,489,950)</u>	<u>12,688,491</u>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)

26. COMMITMENTS (Continued)

(a) Finance leases – group and company

	Group		Company	
	2009	2008	2009	2008
	€	€	€	€
Finance lease obligations, net of interest, are due as follows:				
Within one year	19,687	33,746	-	-
After one but within 5 years	19,676	21,870	-	-
	<u>39,363</u>	<u>55,616</u>	<u>-</u>	<u>-</u>

(b) Operating leases

The group has operating lease commitments payable in the next twelve months of €2,320,169, which expire as follows:

GROUP	Land and buildings €	Other €	Total €
Within one year	7,865	60,262	68,127
Between one and five years	273,154	211,388	484,542
After five years	1,767,500	-	1,767,500
	<u>2,048,519</u>	<u>271,650</u>	<u>2,320,169</u>
COMPANY	Land and buildings €	Other €	Total €
Within one year	-	56,690	56,690
Between one and five years	133,750	205,624	339,374
After five years	1,700,000	-	1,700,000
	<u>1,833,750</u>	<u>262,314</u>	<u>2,096,064</u>

27. CONTINGENT LIABILITIES

There were no material contingent liabilities affecting the group or the company at 31 December 2009.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (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 2009 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 100% or more of whose voting rights are controlled within the group, from the requirements to give details of transactions with entities that are part of the group or investees of the group qualifying as related parties.

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

	<i>Sales To related Party</i>	<i>Purchases From related Party</i>	<i>Amounts owed to related party</i>	<i>Amounts owed by related party</i>
	€	€	€	€
Fortunegreen Limited	744,094	281,009	15,606	54,081
Entertainment Media Networks Limited	-	9,704	440,192	-
Sortridge Limited	1,147,464	33,868	28,857	428,875

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2009 (Continued)**

31. SUBSEQUENT EVENTS

The Irish Times Limited, Associated Newspapers Limited, and Independent News & Media PLC merged their respective titles Metro and Herald AM on 21 January 2010 and The Irish Times Shareholding in FortuneGreen Limited is now 33.33%. Maeve Donovan resigned as Managing Director on 3 February 2010 and was replaced by Liam Kavanagh on 10 March 2010. The Irish Times Limited acquired a further 11.8% of Gazette Group Newspapers Limited on 13 August 2010.

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 2009 on 28/9/10