The Irish Times Limited

Directors' report and consolidated financial statements for the year ended 31 December 2010

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

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COMPANY INFORMATION

DIRECTORS	Tom Arnold Ruth Barrington Brian Caulfield John Fanning Liam Kavanagh Kevin O'Sullivan Eoin O'Driscoll Paul O'Neill Gregory Sparks David Went
SECRETARY	Peter Callan
REGISTERED OFFICE	The Irish Times Building, 24/28 Tara Street, Dublin 2.
REGISTERED NUMBER OF INCORPORATION	2514
SOLICITORS	William Fry, Fitzwilton House, Wilton Place, Dublin 2. Hayes, Lavery House, Earlsfort Terrace, Dublin 2.
BANKERS	Bank of Ireland, College Green, Dublin 2.
AUDITORS	Ernst & Young, Chartered Accountants, Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2.

DIRECTORS' REPORT
for the year ended 31 December 2010

The directors present herewith their annual report and audited consolidated financial statements for the year ended 31 December 2010.

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

Group turnover decreased by 6.7% to €86.0M. Newspaper advertising revenue reduced by 7.8%, primarily as a result of the continued slowdown in economic activity. The rate of decline eased during the year and The Irish Times retained its overall share of print advertising. Circulation revenue fell marginally during the year. The overall reduction in costs before exceptional items of 10.5% was primarily due to decreases in employment and newsprint costs.

The Group operating loss, before exceptional items, was €0.6M compared to an operating loss of €4.6M in 2009. The cash outflow from operating activities was €2.1M compared to a cash outflow of €18.5M in 2010 which reflects the difficult but more stable environment. 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 €11.25M 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 2011 due to difficulties facing the Irish economy and from structural changes in the media sector. The cost base is under constant review as difficult trading conditions continue. 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.
- The size of the defined benefit pension schemes relative to the size of the company and significant changes to investment returns, interest rates, inflation rates, mortality rates and regulatory changes that could affect funding requirements.

DIRECTORS' REPORT
for the year ended 31 December 2010 (Continued)

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2010

The consolidated profit and loss account for the year ended 31 December 2010 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 an improvement on 2009 but remain disappointing. The economic climate remains difficult though it has now stabilised and rates of decline have eased.

IMPORTANT EVENTS SINCE YEAR END

(i) Geraldine Kennedy retired as Editor on 23rd June 2011 and was replaced by Kevin O'Sullivan.

(ii) During the year the company made an application to The Pensions Board under Section 50 of the Pensions Act, as amended, in relation to specific reductions in pension benefits under the company's defined benefit pension schemes. Subsequent to the year end the Section 50 application was approved and it is anticipated that this will result in a reduction in the pension deficit during 2011.

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

DIRECTORS' REPORT
for the year ended 31 December 2010 (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	Remune-ration	Fees
Tom Arnold	Non-Executive & Governor of The Irish Times Trust Limited	5	N	(Note 1)
Ruth Barrington	Non-Executive & Chairman of The Irish Times Trust Limited	12	(Note 2)	Y
Brian Caulfield	Non-Executive	7	N	Y
Maeve Donovan	Managing Director	1	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	4	(Note 2)	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	(Note 2)	Y

Note 1 Tom Arnold waived his directors fees.
Note 2 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 3 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 9.5 (2009: 10).
The average number who received executive remuneration was 3.1 (2009: 4).

Directors' Fees: The basis for the payment of directors' fees in 2010 was as follows:

Chairman of The Irish Times Limited, Chairman of The Irish Times Trust Limited and executive directors – €9,347 per annum (2009: €9,347).

Non-executive directors – €10,960 per annum (2009: €10,960) plus €9,120 per annum (2009: €9,120) for service on Board sub-committees.

The average fee per director in 2010 was €15,205 (2009: €14,493).

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 2010 (Continued)

REMUNERATION AND NOMINATIONS COMMITTEE (Continued)

	Note	*2010* *€'000*	*2009* *€'000*
Salary		941	1,299
Performance related pay	(i)	–	–
Benefits-in-kind	(ii)	84	92
Ex Gratia payment	(iii)	250	1,100
Subtotal		1,275	2,491
Pension current service cost		588	676
Total		1,863	3,167

(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 2010.

(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 in 2010 relates to an agreed commutation of pension rights accrued by the former Editor under her employment contract.

The annual salaries at 31 December 2010 for the continuing executive director positions and the non-executive chairmen were as follows:

	2010 *€'000*	*2009* *€'000*
Continuing Executive Directors		
Managing Director	300	319
Editor	319	319
Deputy Managing Director	–	259
Deputy Editor	173	173
Non-Executive Chairmen		
The Irish Times Limited	87	87
The Irish Times Trust Limited	41	41
Total	920	1,198

DIRECTORS' REPORT
for the year ended 31 December 2010 (Continued)

AUDIT COMMITTEE

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

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

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 July 2011

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 2010 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows, and the related notes 1 to 31. 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 /...

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 2010 and of the group's profit 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

29 July 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2010

	Note	2010 €	2009 €
Turnover: Group and share of joint ventures' turnover		89,189,903	94,206,016
Less: Share of joint ventures' turnover		(3,203,859)	(2,084,359)
Group turnover – continuing operations	2	85,986,044	92,121,657
Cost of sales		(58,697,565)	(63,016,393)
Gross profit		27,288,479	29,105,264
Distribution costs		(10,849,040)	(12,487,002)
Administrative expenses		(17,072,780)	(21,238,042)
Total operating expenses excluding exceptional item		(27,921,820)	(33,725,044)
Group operating loss before exceptional item		(633,341)	(4,619,780)
Administrative expenses - exceptional item	3	4,713,558	(19,279,729)
Group operating profit (loss) after exceptional item		4,080,217	(23,899,509)
Share of operating loss of joint ventures		(210,870)	(1,158,381)
Share of operating (loss) profit of associates		(34,264)	114,076
Amortisation of goodwill on investment in joint venture		–	(19,234)
Amortisation of goodwill on investment in associates		(123,526)	(140,315)
Total operating profit (loss) after group share of joint venture and associates		3,711,557	(25,103,363)
Profit on disposal of financial fixed assets		47,139	–
Interest receivable and similar income	4	441,197	842,282
Interest payable and similar charges	5	(36,710)	(96,456)
Other finance expense	6	(2,057,000)	(3,989,000)
Profit (loss) on ordinary activities before taxation	7	2,106,183	(28,346,537)
Tax on profit (loss) on ordinary activities	9	(1,040,009)	463,069
Profit (loss) for the financial year	10	1,066,174	(27,883,468)

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

Director

Director

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2010

	Note	*2010* €	*2009* €
Profit (loss) for the financial year attributable to the shareholders		1,066,174	(27,883,468)
Actuarial gain on defined benefit pension schemes	19	4,123,000	27,652,000
Deferred tax on defined benefit pension schemes		(1,573,000)	(3,842,000)
Current tax on defined benefit pension schemes	9	1,088,000	385,000
Total recognised gains and losses for the year		4,704,174	(3,688,468)

CONSOLIDATED BALANCE SHEET
at 31 December 2010

	Note	2010 €	2009 €
FIXED ASSETS			
Tangible assets	11	48,026,252	54,508,755
Financial assets	12		
Joint venture			
- Share of gross assets		1,948,390	1,085,977
- Share of gross liabilities		(1,788,434)	(1,082,782)
Associates		1,194,844	1,352,634
Other investments		9,376,032	9,349,038
		58,757,084	65,213,622
CURRENT ASSETS			
Stocks	13	1,083,012	382,574
Debtors	14	6,989,632	8,358,550
Cash at bank and in hand		11,504,745	13,473,420
		19,577,389	22,214,544
CREDITORS (amounts falling due within one year)	15	(14,310,650)	(16,029,505)
NET CURRENT ASSETS		5,266,739	6,185,039
TOTAL ASSETS LESS CURRENT LIABILITIES		64,023,823	71,398,661
CREDITORS (amounts falling due after more than one year)	16	(638,136)	(664,805)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(807,745)	(1,610,088)
PENSION OBLIGATIONS	19	(28,163,000)	(39,413,000)
		34,414,942	29,710,768
CAPITAL AND RESERVES			
Share capital	20	625,138	625,138
Capital conversion reserve fund	21	9,871	9,871
Profit and loss account	21	33,779,933	29,075,759
Shareholders' funds	21	34,414,942	29,710,768

Director

Director

COMPANY BALANCE SHEET
at 31 December 2010

	Note	2010 €	2009 €
FIXED ASSETS			
Tangible assets	11	47,647,246	53,954,764
Financial assets	12	9,376,236	9,349,242
		57,023,482	63,304,006
CURRENT ASSETS			
Stocks	13	1,083,012	382,574
Debtors	14	17,572,951	18,562,128
Cash at bank and in hand		11,441,839	13,309,906
		30,097,802	32,254,608
CREDITORS (amounts falling due within one year)	15	(22,319,485)	(23,945,051)
NET CURRENT ASSETS		7,778,317	8,309,557
TOTAL ASSETS LESS CURRENT LIABILITIES		64,801,799	71,613,563
PROVISIONS FOR LIABILITIES AND CHARGES	18	(807,745)	(1,610,088)
PENSION OBLIGATIONS	19	(27,915,000)	(39,109,000)
		36,079,054	30,894,475
CAPITAL AND RESERVES			
Share capital	20	625,138	625,138
Capital conversion reserve fund	21	9,871	9,871
Profit and loss account	21	35,444,045	30,259,466
Shareholders' funds	21	36,079,054	30,894,475

Director

Director

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2010

	Note	2010 €	2009 €
Net cash outflow from operating activities	22	(2,113,789)	(18,480,818)
Returns on investments and servicing of finance			
Income from financial fixed assets received		14,234	(6,005)
Interest received		342,964	1,125,985
Interest paid		(33,993)	(96,054)
Interest element of finance lease payments		(2,717)	(402)
		320,488	1,023,524
Taxation			
Corporation taxation refund		26,318	214,496
Corporation taxation paid		–	(17,948)
		26,318	196,548
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(135,957)	(928,114)
Proceeds on disposal of tangible fixed assets		47,135	19,582
Other investments		(105,900)	(187,851)
		(194,722)	(1,096,383)
Acquisitions and disposals			
Investment in joint venture		(37,381)	(2,107,626)
Investment in subsidiaries		–	(1,025,195)
		(37,381)	(3,132,821)
Net cash outflow before financing		(1,999,086)	(21,489,950)
Financing			
Bank loans repaid		–	(3,822,000)
Capital element of finance lease repaid		(18,970)	(16,253)
New finance leases		–	–
Net cash outflow from financing		(18,970)	(3,838,253)
Decrease in cash	23	(2,018,056)	(25,328,203)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010

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 2010 (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	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 2010 (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 2010 (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 recognised. Subsequent adjustments to the computation of the outstanding commitment are dealt with annually in the profit and loss account.

2. SEGMENTAL INFORMATION

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

3. ADMINISTRATIVE EXPENSES - EXCEPTIONAL ITEM

	2010 €	*2009* €
Costs of re-organisation	372,691	7,991,750
Impairment of goodwill - Subsidiaries	–	8,518,519
Impairment of Joint Ventures	–	892,225
Other movements related to Joint Ventures	(330,249)	–
Impairment of Minority Interest - Subsidiaries	–	337,437
Impairment - other investments	193,000	1,539,798
Loss on disposal of investment	161,000	–
Pension - past service credit	(5,110,000)	–
	(4,713,558)	19,279,729

The costs of re-organisation comprise of redundancy costs and ex-gratia payments for commutation of pension rights. The tax effect of this for the year ended 31 December 2010 was a credit of €46,587 (2009: €998,969). Other movements related to Joint Ventures include a partial return on Joint Ventures previously impaired.

The past service credit is due to an agreement reached with staff during the year to curtail future pension increases to 2% per annum.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 €	*2009* €
Interest receivable	360,007	780,002
Income from financial fixed assets other than shares in group undertakings	81,190	62,280
	441,197	842,282

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

5. INTEREST PAYABLE AND SIMILAR CHARGES	2010 €	2009 €
Finance lease interest	2,791	402
Interest on bank loans and overdrafts repayable wholly within five years - by instalment	–	45,849
- not by instalments	33,919	50,205
	36,710	96,456

6. OTHER FINANCE EXPENSE	2010 €	2009 €
Expected return on pension scheme assets	9,888,000	7,946,000
Interest on pension scheme liabilities	(11,945,000)	(11,935,000)
Net expense	(2,057,000)	(3,989,000)

7. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2010 €	2009 €
The loss on ordinary activities before taxation is stated after charging (crediting):		
Directors' emoluments		
Details of directors' remuneration are included in the Directors' Report.		
Fees	143,840	144,926
Remuneration:		
Executive directors	897,342	1,255,000
Ex-Gratia payment	250,000	1,100,000
Pension costs	588,000	676,000
Chairmens' salaries	128,027	135,939
	1,863,369	3,166,939
Pension paid to former director	11,776	11,776
Auditors' remuneration – Audit of group companies	108,000	111,000
– Other assurance services	51,000	53,400
– Tax advisory services	60,549	121,956
– Other non-audit services	–	–
Amortisation of goodwill – subsidiaries	–	1,481,481
– associates	123,526	140,315
Depreciation of tangible fixed assets	6,618,460	7,499,155
Profit on disposal of fixed assets	–	7,660
Operating lease rentals – plant and machinery	295,748	429,505
– other	1,811,520	1,612,960
Operating lease rental income – other	(43,000)	(76,746)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (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:

	2010	*2009*
	Number	*Number*
Printing, publishing and distribution	509	513

The aggregate payroll costs comprise:

	€	€
Wages and salaries	31,765,369	34,935,223
Social welfare costs	3,227,415	3,616,035
Pension and other related costs	(2,291,530)	2,098,017
	32,701,254	40,649,275

Pension and other related costs include the current service cost, past service costs and settlements & curtailments in respect of the defined benefit pension scheme, ex-gratia pension costs and professional fees incurred in managing the group pension schemes. There is a credit in 2010 due to a reduction in past service costs. This is a non cash item and is due to an agreement reached during the year with employees to curtail future pension increases to 2% per annum.

9. TAX ON PROFIT (LOSS) ON ORDINARY ACTIVITIES	*2010*	*2009*
	€	€
(a) Analysis of profit and loss account charge:		
Current tax:		
Tax credit on profit (loss) for the year	(48,410)	(653,581)
Underprovision in respect of prior years	419	304,722
	(47,991)	(348,859)
Transfer from statement of total recognised gains and losses	1,088,000	385,000
	1,040,009	36,141
Deferred tax:		
Origination and reversal of timing differences	–	(499,210)
Tax charge (credit) on profit (loss) on ordinary activities	1,040,009	(463,069)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

9. TAX ON PROFIT (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 profit (loss) on ordinary activities before taxation. The sources and tax effects of the differences are explained below:

	2010 €	2009 €
Profit (loss) on ordinary activities	2,106,183	(28,346,537)
Profit (loss) on ordinary activities multiplied by the standard tax rate 12.5%	263,273	(3,543,317)
Effect of:		
Expenses not deductible and non-taxable income	42,278	316,639
Impairments disallowed	44,250	1,410,997
Other timing differences including differences between capital allowances and depreciation and movement in provisions	170,877	361,053
Higher tax on capital gains	3,535	2,286
Losses arising in the year carried back to an earlier period	–	(653,581)
Losses arising in the year not relievable against current tax	518,814	1,739,924
Higher tax rates on investment income	44,973	97,418
Research and development tax credit	(48,410)	–
Underprovision in respect of previous years	419	304,722
Current tax charge for the year	1,040,009	36,141

(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. This relief expired in 2010.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

10. PROFIT FOR THE FINANCIAL YEAR

The company has availed of exemptions set out in section 148(8) of the Companies Act, 1963 and in section 7(1A) of the Companies (Amendment) Act, 1986 from laying the company's individual profit and loss account before the annual general meeting and from filing it with the Registrar of Companies. The profit for the financial year accounted for by the company dealt with in the consolidated profit and loss account was €1,531,579 (2009: Loss of €27,549,925).

The fees paid to the auditors in respect of the audit of the company individual accounts in 2010 was €98,000 (2009: €101,000). In addition the auditors received fees of €19,000 and €19,328 in respect of other assurance services, and €32,124 and €79,996 in respect of tax advisory services in 2010 and 2009 respectively. The auditors did not receive any fees for non-audit services in either year. Note 7 provides additional information regarding auditors' remuneration at the consolidated level.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

11. TANGIBLE FIXED ASSETS

	Freehold and long leasehold land and premises €	*Plant & machinery* €	*Motor vehicles* €	*Office equipment* €	*Total* €
GROUP					
Cost					
At 31 December 2009	47,177,523	57,262,822	109,101	6,920,490	111,469,936
Additions during year	–	86,807	13,380	35,770	135,957
Disposals during year	–	(8,285)	–	–	(8,285)
At 31 December 2010	47,177,523	57,341,344	122,481	6,956,260	111,597,608
Depreciation					
At 31 December 2009	12,435,556	38,277,621	90,797	6,157,207	56,961,181
Charged during year	1,912,512	4,395,642	8,074	302,232	6,618,460
Disposals during year	–	(8,285)	–	–	(8,285)
At 31 December 2010	14,348,068	42,664,978	98,871	6,459,439	63,571,356
Net book value at					
At 31 December 2010	32,829,455	14,676,366	23,610	496,821	48,026,252
At 31 December 2009	34,741,967	18,985,201	18,304	763,283	54,508,755

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

COMPANY	*Freehold and long leasehold land and premises* €	*Plant & machinery* €	*Motor vehicles* €	*Office equipment* €	*Total* €
Cost					
At 31 December 2009	47,175,695	56,206,432	86,190	1,446,987	104,915,304
Additions during year	–	46,742	13,380	28,514	88,636
At 31 December 2010	47,175,695	56,253,174	99,570	1,475,501	105,003,940
Depreciation					
At 31 December 2009	12,433,725	37,508,204	86,190	932,421	50,960,540
Charged during year	1,912,512	4,263,883	2,230	217,529	6,396,154
At 31 December 2010	14,346,237	41,772,087	88,420	1,149,950	57,356,694
Net book value at					
At 31 December 2010	32,829,458	14,481,087	11,150	325,551	47,647,246
At 31 December 2009	34,741,970	18,698,228	–	514,566	53,954,764

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2010 (Continued)

11. TANGIBLE FIXED ASSETS (Continued)

Capitalised leased assets – group
Included in the cost of plant and machinery is an amount of capitalised leased assets of €1,863,953 (2009: €1,870,943). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2010 amounted to €150,668 (2009: €163,113) and accumulated depreciation was €1,241,298 (2009: €1,097,620).

Included in the cost of office equipment is an amount of capitalised leased assets of €9,864 (2009: €9,864). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2010 amounted to €2,602 (2009: €2,602) and accumulated depreciation was €9,266 (2009: €6,664).

Included in the cost of motor vehicles is an amount of capitalised leased assets of €22,911 (2009: €22,911). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2010 amounted to €5,844 (2009: €4,607) and accumulated depreciation was €10,451 (2009: €4,607).

Capitalised leased assets – company
Included in the cost of plant and machinery is an amount of capitalised leased assets of €1,777,539 (2009: €1,777,539). The depreciation charge in respect of capitalised leased assets for the year ended 31 December 2010 amounted to €142,203 (2009: €142,203) and accumulated depreciation was €1,167,743 (2009: €1,025,540).

12. FINANCIAL FIXED ASSETS

	Group		*Company*	
	2010	*2009*	*2010*	*2009*
	€	€	€	€
Investment in subsidiary undertakings *(a)*	–	–	204	204
Investment in joint venture undertakings *(b)*	159,956	3,195	–	–
Investment in associates *(c)*	1,194,844	1,352,634	–	–
Other investments *(d)*	9,376,032	9,349,038	9,376,032	9,349,038
	10,730,832	10,704,867	9,376,236	9,349,242

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

(a) *Investment in subsidiary undertakings - company*

	Shares at cost €	*Total* €
At beginning of year	204	204
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.

Subsidiary undertakings at 31 December 2010:

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 2010 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

Subsidiary undertakings at 31 December 2010 (continued):

Name	*Registered office*	*Proportion held by: company*	*subsidiary*	*Nature of business*
Gazette Group Newspapers Limited	Block 3A Millbank Business park Lucan Co Dublin	–	63.80%	Newspaper publishing

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

(b) *Investment in Joint Venture undertakings*

	€
GROUP	
Cost	
At 31 December 2009	3,195
Loans advanced during year	157,500
Share of losses during year	(210,870)
Goodwill amortisation	–
Other movements related to Joint Ventures (note 3)	210,131
At 31 December 2010	159,956

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2010 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

Joint Ventures at 31 December 2010:

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

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

(c) *Investment in associates*

	2010 €
GROUP	
Cost	
At 31 December 2009	1,352,634
Share of losses during year	(34,264)
Goodwill amortisation	(123,526)
At 31 December 2010	1,194,844

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.

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

12. FINANCIAL FIXED ASSETS (Continued)

(d) *Other investments*

	Group		Company	
	2010	*2009*	*2010*	*2009*
	€	€	€	€
Listed investments	1,887,661	1,863,883	1,887,661	1,863,883
Unlisted investments	7,488,371	7,485,155	7,488,371	7,485,155
	9,376,032	9,349,038	9,376,032	9,349,038

Listed investments consist of shares of quoted companies on recognised stock exchanges. The market value of the holdings at 31 December 2010 was €2,055,834 (2009: €2,429,958).

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

Movements:	*Group* €	*Company* €
Balance 31 December 2009	9,349,038	9,349,038
Additions	165,141	47,141
Income	54,853	54,853
Impairment (note 3)	(193,000)	(75,000)
At 31 December 2010	9,376,032	9,376,032

13. STOCKS

	Group		Company	
	2010	*2009*	*2010*	*2009*
	€	€	€	€
Newsprint and materials	1,083,012	382,574	1,083,012	382,574

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2010 (Continued)

14. DEBTORS

	Group 2010 €	Group 2009 €	Company 2010 €	Company 2009 €
Trade debtors	4,894,452	5,576,176	3,973,253	4,297,750
Amounts due from joint venture	406,449	482,956	290,466	369,112
Amounts due from group companies	–	–	11,789,487	11,929,328
Other debtors	55,802	72,768	24,055	35,189
Corporation tax recoverable	507,060	485,860	458,120	458,120
Prepayments and accrued income	1,125,869	1,740,790	1,037,570	1,472,629
	6,989,632	8,358,550	17,572,951	18,562,128

15. CREDITORS (amounts falling due within one year)

	Group 2010 €	Group 2009 €	Company 2010 €	Company 2009 €
Trade creditors	4,081,594	4,834,794	3,640,503	4,170,973
Tax and social welfare *(a)*	2,605,007	2,548,390	2,336,333	2,305,319
Accruals and deferred income	6,557,512	7,396,413	5,884,511	6,730,504
Amounts due to joint venture	24,928	44,463	11,530	38,063
Amounts due to associates	236,608	440,192	236,608	440,192
Amounts owed to group companies	–	–	10,210,000	10,260,000
Finance lease obligations *(note 25(a))*	10,054	19,687	–	–
Bank loan	500,000	500,000	–	–
Bank overdraft	294,947	245,566	–	–
	14,310,650	16,029,505	22,319,485	23,945,051

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

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

(a) *Tax and social welfare comprises:*

	Group		*Company*	
	2010	*2009*	*2010*	*2009*
	€	€	€	€
Value added tax	1,456,644	1,151,077	1,291,398	1,004,219
Employment taxes	1,148,363	1,396,839	1,044,935	1,301,100
Corporation tax	–	474	–	–
	2,605,007	2,548,390	2,336,333	2,305,319

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

	2010	*2009*
	€	€
GROUP		
Other creditors	627,797	645,129
Finance lease obligations (note 25(a))	10,339	19,676
	638,136	664,805

17. BANK FACILITIES

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

18. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP and COMPANY

	Restructuring (i)	*Ex-Gratia pensions (ii)*	*Total*
	€	€	€
At 31 December 2009	1,100,000	510,088	1,610,088
Provided during year	372,691	112,216	484,907
Utilised during year	(1,222,691)	(64,559)	(1,287,250)
At 31 December 2010	250,000	557,745	807,745

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

18. PROVISIONS FOR LIABILITIES AND CHARGES (Continued)

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

(ii) *Ex-Gratia Pensions*
This provision relates to future payments to certain former employees of The Irish Times Limited. The provision includes an amount of €162,788 (2009: €162,253), which relates to a former director of the company.

(iii) *Deferred taxation*
An unrecognised deferred tax asset of €1.5M (2009: €1M) in respect of losses forward has not been recognised at 31 December 2010 as uncertainty exists regarding the utilisation of these losses.

19. PENSION OBLIGATIONS

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

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

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

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

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

GROUP

The main assumptions used by the actuary were:

	31/12/2010	*31/12/2009*
Rate of increase in pensionable salaries	2.00% p.a. for 10 years 3.00% p.a. thereafter	3.00%
Rate of increase in pension payments	1.75% - 2.00%	1.75% - 2.00%
Discount rate on scheme liabilities	5.50%	5.90%
Expected return on scheme assets	5.76%	6.13%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

19. PENSION OBLIGATIONS (Continued)

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

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

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

	31/12/2010	*31/12/2009*
Equities	7.00%	8.00%
Bonds	3.40%	4.00%
Property	6.00%	6.00%
Other	1.00%	1.00%

The net pension liability is analysed as follows:

	At 31 December 2010 €'000	*% of scheme assets*	*At 31 December 2009 €'000*	*% of scheme assets*
Scheme assets at fair value:				
Equities	119,539	56.6%	88,137	56.2%
Bonds	44,361	24.8%	52,131	33.2%
Property	10,274	5.70%	10,436	6.6%
Other	4,935	2.80%	6,269	4.0%
Fair value of scheme assets	179,109		156,973	
Present value of scheme liabilities	(211,295)		(201,982)	
Defined benefit pension scheme deficit	(32,186)		(45,009)	
Related deferred tax asset	4,023		5,596	
Net pension liability	(28,163)		(39,413)	

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 2010 (Continued)

19. PENSION OBLIGATIONS (Continued)

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

Recognised in the Profit and Loss Account:	*2010* *€'000*	*2009* *€'000*
Current service cost	(2,228)	(3,664)
Past service cost	5,110	–
Settlements and curtailments	–	3,161
Recognised in arriving at operating loss	2,882	(503)
Expected return on pension scheme assets	9,888	7,946
Interest on pension scheme liabilities	(11,945)	(11,935)
Other finance expense	(2,057)	(3,989)
Total recognised in the profit and loss account	825	(4,492)

Taken to the Statement of Total Recognised Gains and Losses:	*2010* *€'000*	*2009* *€'000*
Actual return less expected return on scheme assets	9,989	16,924
Experience losses on schemes' liabilities	(5,866)	6,738
Changes in assumptions underlying the present value of schemes' liabilities	–	3,990
Actuarial gain recognised in Statement of Total Recognised Gains and Losses	4,123	27,652
Cumulative amount of actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses	885	(3,238)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

19. PENSION OBLIGATIONS (Continued)

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

	2010 *€'000*	*2009* *€'000*
At beginning of year	201,982	206,940
Current service cost	2,228	3,654
Interest cost	11,945	11,935
Benefits paid	(7,703)	(6,120)
Actuarial gain /(loss)	5,866	(10,728)
Past service cost amendment	(5,110)	–
Members contributions	2,380	2,212
Premiums paid	(293)	(364)
Settlements and curtailments	–	(5,547)
At end of year	211,295	201,982

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

	2010 *€'000*	*2009* *€'000*
At beginning of year	156,973	131,197
Expected return on plan assets	9,888	7,946
Employer contribution	7,875	7,564
Benefits paid	(7,703)	(6,120)
Actuarial gain	9,989	16,924
Members contributions	2,380	2,212
Premiums paid	(293)	(364)
Settlements	–	(2,386)
	179,109	156,973

The company expects to pay contributions of €7,965,000 to the pension scheme in 2011.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

19. PENSION OBLIGATIONS (Continued)

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

	2010 *€'000*	*2009* *€'000*	*2008* *€'000*	*2007* *€'000*	*2006* *€'000*
Fair value of scheme assets	179,109	156,973	131,197	196,407	198,938
Present value of defined benefit obligations	(211,295)	(201,982)	(206,940)	(206,829)	(224,298)
	(32,186)	(45,009)	(75,743)	(10,422)	(25,360)
Experience adjustments arising on plan liabilities	(5,866)	6,738	(28)	(4,060)	(4,608)
Experience adjustments arising on plan assets	9,989	16,924	(75,986)	(18,221)	10,786

COMPANY

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

	31/12/2010	*31/12/2009*
Equities	7.00%	8.00%
Bonds	3.40%	4.00%
Property	6.00%	6.00%
Other	1.00%	1.00%

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

19. PENSION OBLIGATIONS (Continued)

The net pension liability is analysed as follows:

	At 31 December 2010 €'000	% of scheme assets	At 31 December 2009 €'000	% of scheme assets
Scheme assets at fair value:				
Equities	118,650	56.6%	87,517	56.2%
Bonds	43,984	24.8%	51,682	33.2%
Property	10,192	5.7%	10,355	6.6%
Other	4,886	2.7%	6,233	4.0%
Fair value of scheme assets	177,712		155,787	
Present value of scheme liabilities	(209,615)		(200,484)	
Defined benefit pension scheme deficit	(31,903)		(44,697)	
Related deferred tax asset	3,988		5,588	
Net pension liability	(27,915)		(39,109)	

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

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

	2010 €'000	2009 €'000
At beginning of year	200,484	203,363
Current service cost	2,199	3,445
Interest cost	11,855	11,719
Benefits paid	(7,643)	(6,076)
Actuarial loss / (gain)	5,711	(10,637)
Past service cost amendment	(5,058)	–
Members contributions	2,358	2,192
Premiums paid	(291)	(361)
Curtailments	–	(3,161)
At end of year	209,615	200,484

NOTES FORMING PART OF THE CONSOLIDATED FINNCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

19. PENSION OBLIGATIONS (Continued)

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

	2010 €'000	2009 €'000
At beginning of year	155,787	129,777
Expected return on plan assets	9,814	7,862
Employer contribution	7,811	7,505
Benefits paid	(7,643)	(6,076)
Actuarial gain	9,876	14,888
Members contributions	2,358	2,192
Premiums paid	(291)	(361)
	177,712	155,787

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

	2010 €'000	2009 €'000	2008 €'000	2007 €'000	2006 €'000
Fair value of scheme assets	177,712	155,787	129,777	193,013	195,538
Present value of defined benefit obligations	(209,615)	(200,484)	(203,363)	(203,166)	(220,253)
	(31,903)	(44,697)	(73,586)	(10,153)	(24,715)
Experience adjustments arising on plan liabilities	5,711	(6,700)	259	(4,037)	(4,600)
Experience adjustments arising on plan assets	(9,876)	(14,888)	(73,800)	(17,530)	10,437

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

20. SHARE CAPITAL

	2010	*2009*
	€	€
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.

21. RECONCILIATION OF SHAREHOLDERS' FUNDS

GROUP

	Share capital	*Capital conversion reserve fund*	*Profit and loss account*	*Total*
	€	€	€	€
At beginning of year	625,138	9,871	29,075,759	29,710,768
Profit for financial year	–	–	1,066,174	1,066,174
Net actuarial gain on defined benefit pension scheme	–	–	2,550,000	2,550,000
Current tax on defined benefit pension scheme	–	–	1,088,000	1,088,000
At end of Year	625,138	9,871	33,779,933	34,414,942

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

21. 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	30,259,466	30,894,475
Profit for financial year	–	–	1,531,579	1,531,579
Net actuarial gain on defined benefit pension scheme	–	–	2,565,000	2,565,000
Current tax on defined benefit pension scheme	–	–	1,088,000	1,088,000
At end of year	625,138	9,871	35,444,045	36,079,054

22. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOW

	2010 €	*2009* €
Operating profit (loss)	4,080,217	(23,899,509)
Amortisation of intangible assets	–	1,481,481
(Profit) loss on Disposal of fixed assets	(47,139)	7,660
Goodwill Impairment	–	8,518,519
Investment impairment	23,751	2,432,023
Write off Minority Interest	–	337,437
Depreciation of tangible fixed assets	6,618,460	7,499,155
(Increase) decrease in stocks	(700,439)	558,069
Decrease in debtors	1,538,835	3,365,131
Decrease in creditors	(2,075,001)	(4,528,793)
Decrease in operating provisions and non cash pension balances	(11,552,473)	(14,251,991)
Net cash outflow from operating activities	(2,113,789)	(18,480,818)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

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

	2010 €	*2009* €
Decrease in cash	(1,968,675)	(25,329,431)
(Increase) decrease in overdraft	(49,381)	1,228
	(2,018,056)	(25,328,203)
Decrease in debt	–	3,822,000
Capital element of finance lease repaid	18,970	16,253
Movement in net funds in the year	(1,999,086)	(21,489,950)
Net funds at beginning of year	12,688,491	34,178,441
Net funds at end of year	10,689,405	12,688,491

24. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 December 2009 €	*Cash flow* €	*At 31 December 2010* €
Cash	13,473,420	(1,968,675)	11,504,745
Bank overdraft	(245,566)	(49,381)	(294,947)
Bank Loan	(500,000)	–	(500,000)
Finance leases	(39,363)	18,970	(20,393)
	12,688,491	(1,999,086)	10,689,405

25. COMMITMENTS

(a) *Finance leases – group and company*

	Group		*Company*	
	2010	*2009*	*2010*	*2009*
	€	€	€	€
Finance lease obligations, net of interest, are due as follows:				
Within one year	10,054	19,687	–	–
After one but within 5 years	10,339	19,676	–	–
	20,393	39,363	–	–

(b) *Operating leases*

The group has operating lease commitments payable in the next twelve months of €2,291,828, which expire as follows:

GROUP	*Land and buildings*	*Other*	*Total*
	€	€	€
Within one year	7,865	79,582	87,447
Between one and five years	274,404	162,477	436,881
After five years	1,767,500	–	1,767,500
	2,049,769	242,059	2,291,828

COMPANY	*Land and buildings*	*Other*	*Total*
	€	€	€
Within one year	–	66,960	66,960
Between one and five years	135,000	134,403	269,403
After five years	1,700,000	–	1,700,000
	1,835,000	201,363	2,036,363

26. CONTINGENT LIABILITIES

There were no material contingent liabilities affecting the group or the company at 31 December 2010.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2010 (Continued)

27. GUARANTEES

Pursuant to the provisions of Section 17, Companies (Amendment) Act, 1986, the Company guarantees the liabilities of the following subsidiaries for the financial year ended 31 December 2010 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

28. GROUP RELATIONSHIPS AND CONTROLLING PARTIES

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

29. RELATED PARTY TRANSACTIONS

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

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

	Sales To related Party	*Purchases From related Party*	*Amounts owed to related party*	*Amounts owed by related party*
	€	€	€	€
Fortunegreen Limited	555,180	4,006	11,530	45,236
Entertainment Media Networks Limited	156,252	7,150	236,608	–
Sortridge Limited	1,164,934	80,431	13,398	358,772
Digital Media Brokers Limited	–	–	–	2,441

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2010 (Continued)

30. SUBSEQUENT EVENTS

(i) Geraldine Kennedy retired as Editor on 23rd June 2011 and was replaced by Kevin O'Sullivan.

(ii) During the year the company made an application to The Pensions Board under Section 50 of the Pensions Act, as amended, in relation to specific reductions in pension benefits under the company's defined benefit pension schemes. Subsequent to the year end the Section 50 application was approved and it is anticipated that this will result in a reduction in the pension deficit during 2011.

31. APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved and authorised for issue the consolidated financial statements in respect of the financial year ended 31 December 2010 on 28 July ~~2010~~