2014

ANNUAL REPORT & ACCOUNTS

INDEPENDENT NEWS & MEDIA PLC

Key Performance Indicators

Revenue

€318.7m

-1.1%

Operating Profit
(before exceptional items)

€34.0m

+4.0%

Operating Margin

10.7%

+60 bps

Net Debt
(excludes APN)

€89.3m

-6.3%

Independent News & Media plc Annual Report 2014

Independent News & Media PLC ('INM') is a leading newspaper and media group across the island of Ireland. It manages gross assets of €256.9m and employs approximately 1,000 people.

INM has market-leading newspaper positions in Ireland and Northern Ireland, with a strong and growing digital presence. INM is the largest newspaper contract printer and wholesale newspaper distributor on the island of Ireland.

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Chairman's Statement

Leslie Buckley

2014 was a year of strong performance by INM. Following a period of transformation across the Group in which we greatly reduced the company's debt, INM made significant progress in ensuring that we continued to develop as a modern media organisation, fit-for-purpose in a constantly evolving sector.

The year saw an improvement in the Group's financial performance. Highlights included an improved profit margin, increased profitability and growth in advertising revenue for the first time since 2007. Of particular note was the exceptional positive momentum in digital audience growth.

Although there was a marginal decline in revenue to €318.7 million, the operating profit before exceptional items increased by 4% to €34.0 million. We continued to make good progress in reducing net debt to €89.3 million at year end.

INM's portfolio of leading quality daily and Sunday news titles combined with our online offering ensured a strong performance. While circulation revenue declined by 2.0%, INM has over 50% of the quality daily market and almost 65% of the quality Sunday market and experienced a market share increase in both.

In Northern Ireland, the Belfast Telegraph and Sunday Life increased market share in their respective markets.

The performance in digital was very strong with digital advertising revenue growth of 37.5%, which more than offset the decline in publishing advertising revenue. This reflected the performance of the Group's publishing websites which attracted 11.9 million unique visitors[1] in December 2014, a 37% year-on-year increase.

In the Republic of Ireland, independent.ie combined with the Irish Independent, the Herald, the Sunday Independent and the Sunday World reached a weekly audience of 2.4 million combined readers.

Post year end in March 2015, INM took the strategic decision to realise the value of its investment in APN, thereby enabling us to repay all of our indebtedness and to focus on the development of our island of Ireland business strategy, build on current performance and position us for further growth at a time of anticipated economic recovery in Ireland.

On behalf of my fellow Board members, I wish to acknowledge the continued excellent efforts of our management and staff. I also wish to acknowledge the continued loyalty of our consumers, our advertisers and our shareholders.

I would like to thank the Board for its continued strong support of the business and for its ongoing commitment in ensuring positive momentum for INM.

Leslie Buckley
Chairman

2014 was a year of strong performance by INM. Following a period of transformation across the Group, INM made significant progress in ensuring that we continued to develop as a modern media organisation.

[1] *Google Analytics, December 2014*

"INM's portfolio of leading quality daily and Sunday news titles combined with our online offering ensured a strong performance."

Operations & Financial Review

Operational and Financial Review

INM's operations are now focused solely on the island of Ireland. INM is the largest media Group across the 32 counties. The Group significantly increased its presence as the leading provider of digital news platforms, while maintaining and sometimes increasing market share across its strong portfolio of national, regional and local print titles.

Republic of Ireland

INM is the clear market-leader in digital and news in the Republic of Ireland. In 2014 there was a continued focus on further developing INM's robust digital offering, while at the same time working to ensure the Group's market-leading print titles successfully competed in a challenging market environment.
INM reached 2.4 million combined readers weekly across print and online.
In print, the Irish Independent continued to dominate the quality daily market with an ABC[1] of 112,502, both increasing its market share and maintaining its strong No. 1 position. With an ABC[1] of 219,007 the Sunday Independent increased its market share to 64.7% of the Sunday quality market. The Herald recorded an ABC[1] of 49,512 in the popular daily market. The Sunday World, with an ABC[1] of 189,562, remains the largest-selling tabloid in Ireland.
In digital, independent.ie is Ireland's No. 1 online news publisher. Over 800 million page impressions[2] were made on independent.ie in 2014. In December 2014, the Group's publishing websites overall attracted 11.9 million visitors[2] a year-on-year increase of 37% and generated 82.4 million page impressions[2], a 27% year-on-year increase.

[1] *ABC July to December 2014*
[2] *Google Analytics, December 2014*

> "INM reached 2.4 million combined readers weekly across print and online."

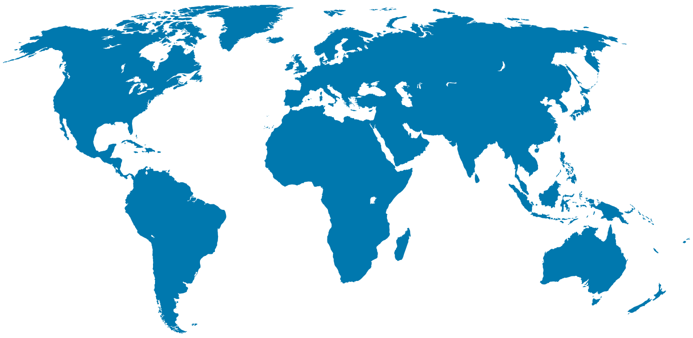
Digital Investment

The Group continued to invest in the development of digital in order to deliver market-leading online products that increase user-engagement and provide the platforms to drive revenue growth.

The Group's publishing websites attracted 11.9m unique visitors[2] in Dec 2014 (a 37% YoY increase), generated 82.4m page impressions[2] (a 27% YoY increase) and peaked in Oct 2014 to 12.8m unique visitors[2] and 98.3m page impressions[2].

There was a significant re-design of independent.ie to provide more user-friendly features and content.
The mobile-adaptive product for independent.ie was launched in May 2014. independent.ie is now accessed by 48% of its audience via mobile and this platform alone enjoyed a 152% increase in page impressions in the year.

The Group's "digital first" editorial structure is swiftly moving to a fully integrated platform-neutral content hub. All editorial operations have been rolled into a centralised hub that will serve all audiences throughout the day and across the Group's multiple platforms of print, browser and mobile.
Newspread, the Group's distribution business, had a strong performance in 2014, continuing its successful record in retaining key contracts as it continues to diversify its business.



INM is the largest media Group across the 32 counties. The Group significantly increased its presence as the leading provider of digital news platforms

Northern Ireland

In Northern Ireland, the Belfast Telegraph recorded an ABC[1] of 45,905, while the Sunday Life recorded an ABC[1] of 42,239. Both titles increased market share in their respective markets.

Belfasttelegraph.co.uk, which is Northern Ireland's leading commercial website, increased its monthly unique visitors by 9% year-on-year.

Associates and Joint Venture Interests

The Group's Associates and Joint Ventures at year end mainly comprised its 18.6% shareholding in APN, its 50% shareholding in the Irish Daily Star and its 50% shareholding in Carsireland.ie. The Dublin daily freesheet, Metro Herald, a joint venture agreement between INM, The Irish Times Limited and OMG Media Ltd., ceased trading in December 2014.

Senior management and editorial appointments

Robert Pitt was appointed Group Chief Executive Officer for Independent News & Media and he joined in October 2014. In December 2014, Ryan Preston, joined as Group Chief Financial Officer.

Since year end, in January 2015, Fionnan Sheahan was appointed Editor of the Irish Independent and Cormac Bourke was appointed Editor of the Sunday Independent. In March 2015, Gail Walker was appointed Editor of the Belfast Telegraph and is the first woman to hold that position.

[1] *ABC July to December 2014*

FINANCIAL REVIEW

A strong performance was delivered in 2014 with improved margins, profit growth, digital audience growth and for the first time since 2007, advertising revenue growth.

Group revenues decreased by 1.1% to €318.7m, while operating profit before exceptional items increased by 4% to €34.0m, delivering an operating margin of 10.7%. The strong performance in the operating profit was driven by tight management of the cost base and continued strong digital revenue growth.
Despite a decrease in circulation revenue of 2.0% by print titles, total advertising revenue increased by 0.8% year-on-year. Digital advertising revenue growth of 37.5% more than offset a decline in publishing advertising revenue.

INM has over 50% of the quality daily market, almost 65% of the quality Sunday market and over 33% of all daily newspapers sold in the Republic of Ireland are INM titles. The Belfast Telegraph and Sunday Life increased market share in their respective Northern Ireland markets. Net Debt at 31 December 2014 was reduced by 6.3% to €89.3m, resulting in a Net Debt to Adjusted EBITDA of 2.2 times. The net retirement benefit obligation has increased to €100.5m at year end due primarily to a decrease in the discount rate applicable to the various schemes.

Following the completion of the Group's financial restructuring in 2013, the Group continued its focus on cost management, with operating costs before exceptionals reducing by 1.7%, despite a planned investment in the digital business. Since year end, the Group announced the integration of its print and digital news operations, which will further improve operational and cost efficiencies.

Discontinued Operations

The Group successfully disposed of its Education businesses in June 2014. The results of the Education businesses are reported as discontinued operations in both 2014 and 2013. The South African business results (disposed of in August 2013) are reported as discontinued operations in 2013 only.

There was a full and final settlement of South African warranties and industry-wide competition commission enquiries in early 2015 at a cost of €10.0m which had been fully provided for at year ended 31 December 2013.

Exceptionals

The Group recorded a total net exceptional charge of €29.7m in 2014. This included a €16.7m non-cash accounting adjustment relating to the 2014 APN equity issue; a €9.3m relating to miscellaneous restructuring costs; a €6.3m impairment of APN's intangible assets; a €3.5m accounting adjustment on retirement benefits; a €1.0m anti dilution gain on the write off of bank debt; and a €0.5m exceptional charge on the disposal of the Education businesses.

APN

APN's revenues from continuing operations, for the year were A$843.2m, a year-on-year increase of 3%. EBITDA from continuing operations and before exceptionals was A$164.1m, up 1%. Net profit after tax (NPAT) before exceptional items was A$75.2m, up 27% on the prior corresponding period. APN did not declare a dividend. In March 2015 the Group entered into a sale agreement with Credit Suisse (Australia) Limited in respect of the entire Group holding in APN. The net proceeds from the sale are expected to be approximately €115.8m.

Financial Expenses

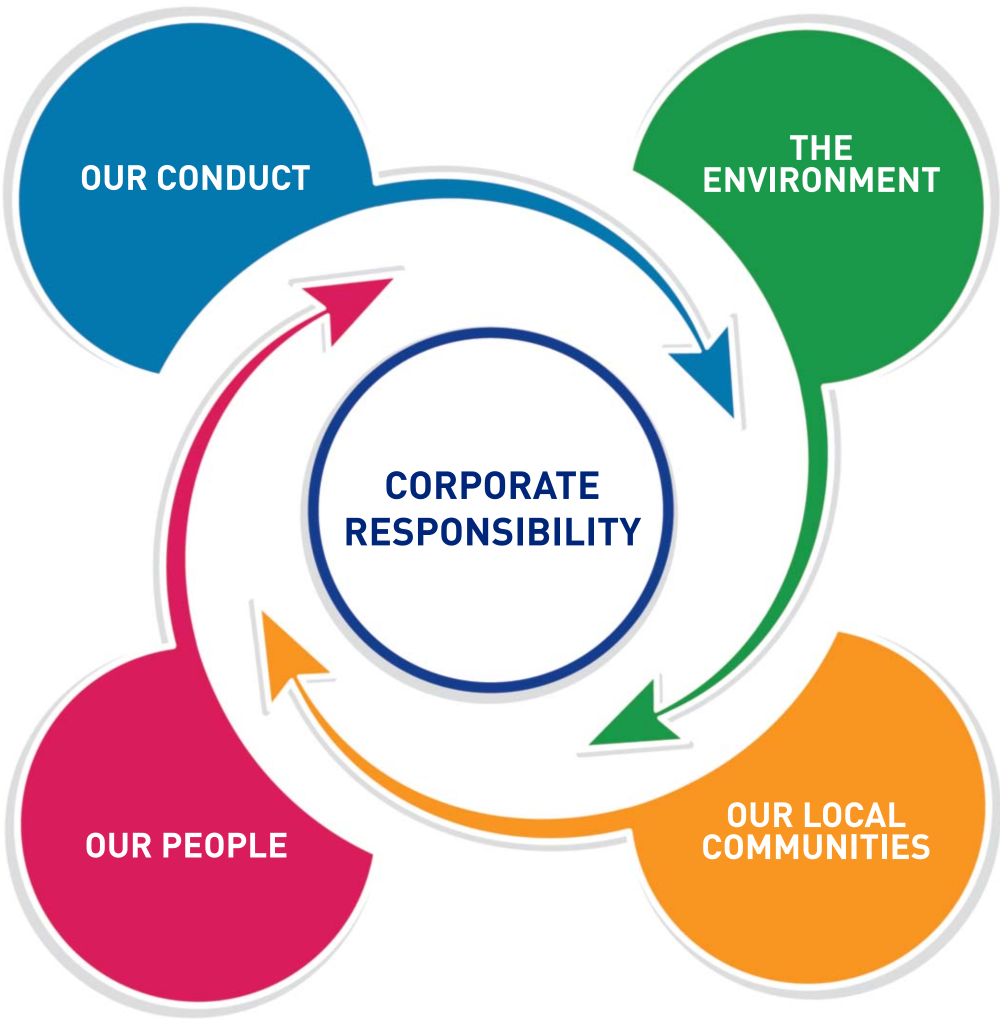
2014 saw a realisation of the positive impact of the debt restructuring completed in late 2013. This resulted in a net interest charge before exceptional items of €6.0m which was considerably down from €20.7m in the prior year.

Dividends

The Directors are not proposing a dividend for 2014. There was no dividend paid or declared in respect of 2013.

Corporate Social Responsibility & Environmental Report

Our approach



At INM, we believe that supporting the communities in which we operate is an integral part of our success, both today and as we look towards the future. We have a strong track record of operating at the highest level of integrity and we continue to place social responsibility as a central part of our business strategy.

Our ongoing commitment to Corporate Social Responsibility ('CSR') is led by the Board.
The Board delegates oversight of CSR activities to a specific sub committee which oversees and monitors our CSR activities.

In undertaking our business activities we focus on three distinct areas: environment; our community and our people.

Corporate Social Responsibility & Environmental Report - continued

The Environment

We acknowledge that our activities impact the environment and we are committed to identifying and minimising negative impacts across all of our operations.

It is our policy to understand the environmental impact of our activities and those of our suppliers and to develop strategies to reduce these impacts, particularly in the areas of energy, natural resources and materials. We continuously consider aspects of our supply chain to increase the percentage of recycled materials we use. A number of our key newsprint providers supply 100% recycled materials and we are working with the others to increase the recycled fibre content. All paper waste from our plants is reprocessed through the recycling channel. INM will continue to comply with all regulatory requirements and focus our efforts on those activities with the most significant environmental sustainability impact.

Our People

The people who work for INM are the lifeblood of our continued and growing success as Ireland's largest news and media organisation. Our continued success and our commitment to sustainable long term performance are wholly dependent on the empowerment of our people.

Our Conduct

In addition, all our people are required to follow INM policies such as our extensive Code of Conduct, Bribery & Corruption policies, IT acceptable use policies and policies on entertainment and gifts. All our people sign up to our Group Code of Ethics as disclosed on page 9 as part of their employment.

Our Local Communities

We recognise that media plays a central and crucial role in all societies. This makes conducting our business in an ethical and responsible manner especially important. INM is proud of its track record in supporting humanitarian causes on a local basis. Our media assets allow us to create and promote awareness and we support, both directly and indirectly, dozens of causes every year.

Our individual titles have always recognised the importance of championing their local communities. This connection with our immediate societies will remain a key pillar going forward.

"The people who work for INM are the lifeblood of our continued and growing success as Ireland's largest news and media organisation."

Group Code of Ethics

The sustainable development and growth of INM is based on respecting, developing and fostering relationships with all our stakeholders. We are committed to acting in the best interests of our stakeholders.

INM believes in full compliance with both the spirit and letter of the law in the countries in which we operate. Combining 'good business with good ethics' is a principle that extends across all of our markets and underpins how we meet our corporate, social and environmental responsibilities.

Our business is built on trust and integrity, on ethical performance, on understanding and contributing to the interests of wider society. The concept that organisations have a responsibility to a range of stakeholders that extend beyond their owners - employees, communities, suppliers, customers and the environment - is not new. However, the last decade has seen a growing focus on ethics in business and a realisation of the wider role of business in society. As a Group, we have witnessed time and time again that strong values and principled leadership are crucial to generating long term rewards for business.

INM is committed to maintaining the highest standards of ethical behaviour. Our Code of Ethics guides our behaviour on a daily basis and ensures that we safeguard the Group's integrity and protect our values.

Commitment to our employees

INM's growth as a leading Irish newspaper and media Group has been underpinned by the dedication and commitment of our approximately 1,000 employees. We recognise that our employees are our greatest assets and central to our success. They are the face of our business and, combined with our market-leading brands, are the point of recognition for our many millions of consumers. Our human resource policies embrace diversity, seek to reward performance and are actively committed to promoting the well-being of our employees. Creating a safe working environment for our workforce is a clear priority. We are fully committed to safeguarding the health and safety of those people who work in, or visit, our organisation and we provide appropriate training and professional expertise in this area along with clear health and safety guidelines.

Combining 'good business with good ethics' is a principle that extends across all of our markets and underpins how we meet our corporate, social and environmental responsibilities.

Group Code of Ethics - continued

Commitment to our customers

The core philosophy of our business continues to be meeting our customers' needs. Across all our product offerings which includes publishing, printing, distribution, and a strong and growing digital presence, our commitment to offering the highest level of quality and service to our customers remains steadfast.

Editorial principles - a newspaper's greatest assets are its integrity and credibility. INM requires our editors and editorial staff to be professional, courageous and aggressive in pursuit of truth in the news. We are committed to independence, fairness and balance in informing people of events and issues which they have a right to know. This right is balanced by compliance with the laws of defamation and privacy and adherence to the principles of taste, balance and accuracy.

Confidentiality - as part of our business relationship with our customers we are entrusted with personal and sensitive data. Subject to any legal requirement to disclose information, we are committed to ensuring that such information is safeguarded at all times, is never shared with unauthorized parties and is maintained in accordance with relevant data privacy and protection laws as well as best practice.

Marketing and promotion - we are committed to ensuring that all sales and promotion practices are truthful, balanced and do not mislead our customers.

Commitment to our community

From the outset the INM Group has always been acutely aware that no organisation can survive, let alone flourish, in a vacuum without reaching beyond itself to make a deeper contribution to the well being of society. This commitment is at the heart of the INM Group's ethos and underpins how we conduct our business, mindful of our corporate, social and environmental responsibilities to sustainable development.

Commitment to the market place

We aim to compete vigorously but fairly in the market place and in a manner that complies with all relevant laws and regulations.

Commitment to our shareholders

In INM we are guided by our duty to act in the best interests of INM and our shareholders. By promoting long-term stable growth the business aims to build enduring shareholder value. We recognize that our relationship with our shareholders is built on trust and transparency.

We are committed to maintaining high standards of corporate governance and ensuring the correct mix of experience at Board level, for the optimum strategic and operational governance of the INM Group.

"The core philosophy of our business continues to be meeting our customers' needs."

Financial Statements

Directors and Other Information

Board of Directors

L Buckley *(Chairman)*
T Buckley
P Connolly
L Gaffney
D Harrison
J Kennedy *(Senior Independent Director)*
A Marshall
T Mullane
L O'Hagan

Board Committees & Company Secretary

Audit Committee
J Kennedy *(Chairman)*
T Buckley
T Mullane
L O'Hagan

Remuneration Committee
L O'Hagan *(Chairman)*
P Connolly
A Marshall
T Mullane

Nomination and Corporate Governance Committee
T Buckley *(Chairman)*
L Gaffney
J Kennedy
T Mullane

Corporate Social Responsibility Committee
L Gaffney *(Chairperson)*
T Buckley

Advisors

Solicitors
McCann FitzGerald

Statutory Auditors
KPMG
1 Stokes Place
St. Stephen's Green
Dublin 2

Principal Bankers
Allied Irish Banks, p.l.c.
Bank of Ireland
KBC Bank Limited
Ulster Bank Ireland Limited

Registrars
Capita Registrars (Ireland) Limited
2 Grand Canal Square
Dublin 2

Secretary and Registered Office
M Doorly
Independent News & Media PLC
Independent House
27-32 Talbot Street
Dublin 1

Director Biographies

Non-Executive Directors

L Buckley, MSc Chairman

Age: 70
Nationality: Irish

Directorships/Experience: L Buckley is a founding Director and vice chairman of Digicel Group Limited, a Caribbean based telecommunications company. Previously he was involved in the start-up of Esat Telecom Group plc and Esat Digifone Limited and held the position of acting Chief Operating Officer of Esat Telecom during 1996 and 1997.
L Buckley is a graduate of UCC and he established his own consultancy business in 1990 and was retained on a number of key public and private sector appointments. He is chairman of Another 9 and a Director and shareholder of a number of other Irish companies including Siteserv Limited.
He was the nominee of the Minister for Transport (acting through the Minister for Finance) on the board of Aer Lingus Group plc from 2009 to 2012. He was previously a Director of INM from March 2009 until June 2011. L Buckley was reappointed as a Director and also appointed Chairman of the Company in 2012. The Board believes that L Buckley's significant experience as a board Director, together with his entrepreneurial and business consultancy background, is of service to the Board.

T Buckley

Age: 54
Nationality: Irish

INM Committees: Member of the Audit Committee; Chairman of the Nominations and Corporate Governance Committee; member of the Corporate Social Responsibility Committee.

Directorships/Experience: T Buckley is Managing Director of Clear Channel Ireland. He is a founder and Chairman of Rockall Technologies. A graduate of University College Dublin, he also holds a Masters in Business Administration from Trinity College, Dublin. He qualified as a Chartered Director in 2012. He was Group Marketing Director of Allegro Group from 1995 to 1997 and prior to that he held a number of senior positions with United Drug plc including the position of Executive Director from 1991 to 1995.
His experience as a senior executive and his knowledge of the advertising industry are of considerable benefit to the Board.

Director Biographies - continued
Non-Executive Directors

P Connolly, B Comm, FCA

Age: 55
Nationality: Irish

INM Committees: Member of the Remuneration Committee.

Directorships/Experience: Since 1991, Mr Connolly has been Chairman of Connolly Capital Limited, a Dublin based corporate finance advisory firm focused on the telecom, media and technology sectors. He was a Director of Esat Telecommunications Limited (Esat Telecom), an Irish telecommunications company, from 1997 to 2000, and then a Director of Digicel Limited, a Caribbean based telecommunications company. From 1987 through 1991, Mr Connolly held a position of Financial Controller of Hibernia Meats Limited and prior to that he worked with KPMG as an accountant. Currently Mr Connolly serves on the Boards of Communicorp Group, Melita Cable PLC, APN News and Media and he is chairman of the private Irish media group Business & Finance. In October 2010 he was invited to become an external Senior Advisor to Credit Suisse. Mr Connolly holds a Bachelor of Commerce degree from University College Dublin, Ireland; he is a Fellow of Chartered Accountants Ireland and a member of Executive Summit at Stanford Graduate School of Business. P Connolly brings considerable business experience to the Board.

D Harrison, FCCA

Age: 47
Nationality: Irish

Directorships/Experience: D Harrison is Chief Executive of Intuition Publishing Limited (‘Intuition’). Intuition is a publisher of specialised online education and knowledge management products to the investment banking and financial markets sectors. He is a Fellow of the Association of Chartered Certified Accountants and completed the Leadership 4 Growth Chief Executive Programme with Stanford University Graduate School of Business. He was Chief Financial Officer of Intuition from 1998 to 1999 and prior to that he held a senior management position with Irish Food Processors from 1994 to 1998. Prior to that, he trained in public practice with BDO Simpson Xavier. D Harrison brings considerable business experience to the Board.

Director Biographies - continued
Non-Executive Directors

L Gaffney

Age: 55
Nationality: Irish

INM Committees: Chairperson of the Corporate Social Responsibility Committee; member of the Nominations and Corporate Governance Committee.

Directorships/Experience: L Gaffney is a founding Director of Digicel Group Limited, a Caribbean-based telecommunications company. She was formerly Chief Operating Officer at Esat Telecom and held a number of senior positions within that company. She is currently Chairperson of Communicorp Group Limited - a communications group that owns and operates radio stations across Ireland, the UK and Eastern Europe, including Irish national stations Today FM and Newstalk 106-108FM. In May 2014, Lucy was appointed to the Board of Topaz Energy Group Limited.
She has previously held directorships with the National Action Plan against Racism in Ireland (NAPR), the Special Olympics, First Active plc and Campus Stadium Ireland. She was a non-executive Director of the Board of Ulster Bank Ltd, whose ultimate parent company is the Royal Bank of Scotland Group plc, from 2004 to 2007. She is a graduate from the College of Marketing and Design, Dublin. She brings extensive industry experience to the Board of INM as a result of her background in senior positions in print, broadcast and advertising companies.

J Kennedy, FCA Senior Independent Director

Age: 66
Nationality: Irish

INM Committees: Chairman of the Audit Committee; member of the Nominations and Corporate Governance Committee.

Directorships/Experience: J Kennedy is an experienced non executive Director having served on the boards of a number of public and private companies. He is currently a non executive director of Total Produce Plc, Green REIT Plc, Caulfield McCarthy Group and a number of other private companies. He was Managing Partner of KPMG Ireland and a board member of KPMG Europe from 1995 to 2004.

Director Biographies - continued
Non-Executive Directors

A Marshall

Age: 62
Nationality: Australian

INM Committees: Member of the Remuneration Committee.

Directorships/Experience: A Marshall is a graduate of the Harvard Business School's Program for Management Development. He began his career in newspaper publishing in 1971 at a regional newspaper in Australia. In the mid 1980's he moved into editorial management and was a senior editor at The West Australian Newspaper. In 1987 he moved to Associated Newspapers Ltd to join the Evening Standard in London. In 1994 he was appointed a Director of Associated Newspapers Ltd and was later appointed Chief Operations & Technology Director. He is a founder of iMedia, a leading international advisory service to the publishing industry. He previously headed up the Telegraph Media Group technology transformation and brings considerable media experience to the Board.

T Mullane, BSC Computer Systems

Age: 49
Nationality: Irish

INM Committees: Member of the Audit Committee; member of the Remuneration Committee; member of the Nominations and Corporate Governance Committee.

Directorships/Experience: T Mullane has occupied a number of senior roles across technology companies. She was formerly Chief Technology Officer for NewBay Software from 2007 to 2011 and previously Chief Technology Officer for ANAM Mobile Limited (from 2003 to 2006). From 1995 to 2003 she was Director of Engineering and subsequently Vice President of Technology for Logica and prior to that she was the Professional Services Director at Retix. She is currently CEO and Founder of mAdme Technologies Limited and also a non-executive Director of Cleverbug. T Mullane's strong background in the technology space is of assistance to the Board.

Director Biographies - continued

Non-Executive Directors

Dr. L O'Hagan, CBE

Age: 60
Nationality: Irish

INM Committees: Member of the Audit Committee; Chairman of the Remuneration Committee.

Directorships/Experience: L O'Hagan is Chairman of Northern Ireland Water and CEO of the Royal College of Physicians of Ireland. He has held senior positions in a number of international public companies including Fitzwilton Plc, Jefferson Smurfit Group and Safeway Ireland of which he was Chairman. He has also been a Director of Waterford Wedgwood UK plc and, until 2008, was a member of an advisory board of Independent News & Media (Northern Ireland), a wholly owned subsidiary of INM. He is Chairman of the all-island Congenital Heart Disease Network Board and a director of the Ireland US Council. L O'Hagan brings considerable business and directorial experience to the Board.

Corporate Governance Report

THE BOARD OF DIRECTORS

General

The Company is committed to maintaining the highest standards of corporate governance and the Directors recognise their accountability to the Company's shareholders in this regard. The Company therefore applies the UK Corporate Governance Code (September 2012) published by the Financial Reporting Council in the UK and the Irish Corporate Governance Annex published by the Irish Stock Exchange (together the "Codes") in respect of its corporate governance practices.

A copy of the UK Corporate Governance Code can be obtained from the Financial Reporting Council's website, www.frc.org.uk. A copy of the Irish Corporate Governance Annex can be obtained from the ISE's website, www.ise.ie.

This Corporate Governance Report forms part of the Director's report.

Statement of compliance

During the year ended 31 December 2014, the Directors consider that the Company has complied with all relevant provisions of the UK Corporate Governance Code and the Irish Corporate Annex save for the following (Code provisions B.1.1 and D.2.1):

- the Chairman of the Company, L Buckley, is considered not to be independent in view of the fact that he is a representative of Mr Denis O'Brien who - owning 29.9% of the existing Issued Share Capital - is the largest shareholder in the Company; and
- P Connolly, a non-executive Director is a member of the Remuneration Committee and is not deemed independent in view of the fact that he is a representative of Mr Denis O'Brien. The other three members of the Remuneration Committee are independent non-executive Directors.

Role

The duties of the Board and its committees are set out clearly in formal terms of reference which are reviewed regularly and state the items specifically reserved for decision by the Board.

The Board is responsible for the leadership, control and oversight of the Company. There are matters formally reserved to the Board for consideration and decision. The Board is responsible for establishing overall Company strategy. It approves the Company's commercial strategy and the operating budget and monitors performance through the receipt of monthly operating and financial information. The approval of acquisitions is also a matter for the Board. Similarly, there are authority levels covering capital expenditure which can be exercised by the Chief Executive or by the Chairman and Chief Executive jointly.

Corporate Governance Report - continued

The Board of Directors - continued

Role - continued

Other matters reserved to the Board include treasury policy; internal control; audit and risk management; remuneration of the non-executive Directors; pension arrangements; corporate governance; corporate social responsibility and the appointment or removal of the Company Secretary. The Board has delegated responsibility for the management of the Company, through the Chief Executive, to executive management. The Board also delegates some of its responsibilities to Board Committees, details of which are set out below.

The Board has a formal schedule of matters specifically reserved to it for decision, including:

- approval of interim and full year financial statements;
- approval of the Group's long-term objectives and strategy;
- changes relating to the Group's capital structure;
- material contracts;
- terms of reference of Chairman, Chief Executive and other executive Directors;
- terms of reference and membership of Board Committees;
- risk management strategy; and
- review of the Group's overall corporate governance arrangements.

Board size and membership

The Board currently comprises of 9 non-executive Directors (including the Chairman). Detailed biographies of current Directors are set out on pages 13 to 17 together with a detailed description of the skills, expertise and experience that each of the Directors bring to the Board.

The Board considers that the Board is cohesive and that, between them, the Directors bring the breadth and depth of skills, knowledge and experience that are required to lead the Company. The Board also considers that the Directors have sufficient time to discharge their responsibilities.

Board independence

During 2014, of the non-executive Directors, T Buckley, J Kennedy, A Marshall, T Mullane and L O'Hagan were considered to be independent by the Board. During the entirety of 2014 - and at the date of this report - at least half the Board comprised non-executive Directors determined by the Board to be independent. The Company has fostered a culture of independent thinking and counsel among its Board members, and has worked assiduously to create the balanced conditions of diversity of experience and tenure that have delivered sound judgement and direction to the Management of the Company. It is the Company's intention to continue to review the composition of the Board to endeavour to continue to comply with this requirement in the UK Corporate Governance Code and to ensure the Directors bring the right range of skills, knowledge and experience to the Board to discharge its obligations to the Company and its shareholders.

The Board has determined that as at 31 December 2014, L Buckley, P Connolly and L Gaffney were not independent non-executive Directors, as they represent and have material business interests/relationships with a major shareholder, Denis O'Brien. D Harrison was not an independent non-executive Director, as he represents and has material business interests/relationships with a major shareholder, Dermot Desmond.

Corporate Governance Report - continued

The Board of Directors - continued

Chairman

L Buckley was appointed as Chairman on 27 August 2012. The Chairman is responsible for the effective working of the Board and the Chief Executive is responsible for running the business of the Company. The division of responsibilities between the Chairman and the Chief Executive is clearly established and has been set out in writing and approved by the Board. Throughout 2014, the roles of Chairman and Chief Executive were independent of each other.

The Chairman and the Company Secretary work closely together in planning a forward programme of Board meetings and establishing their agendas. During 2014, the Chairman ensured that the Board was supplied in a timely manner with information in a form and of a quality to enable it to discharge its duties.

The Chairman encourages openness, debate and challenge at Board meetings. The Chairman holds a number of other Directorships and the Board considers that these do not interfere with the discharge of his duties to the Company.

Senior Independent Director

J Kennedy is the Senior Independent Director ('SID'). The role of the SID is clearly established and has been set out in writing and approved by the Board. The SID is available to all shareholders who have concerns that cannot be addressed through the normal channels of Chairman, Chief Executive or Chief Financial Officer.

Terms of appointment

The Chief Executive Officer has a letter of appointment with the Company which has a notice period of 12 months or less.

The terms upon which each of the non-executive Directors are appointed are set out in letters of appointment which reflect the form recommended by the UK Corporate Governance Code. Subject to the requirement for annual election for all Directors as required by the UK Corporate Governance Code, it is the Company's policy that each non-executive Director will be appointed for a fixed period not exceeding three years (with the potential for a second three year term), subject to satisfactory performance and re-election at any annual general meeting where this is required, and subject to the Board's discretion to invite a non-executive Director to continue for a further period. None of the non-executive Directors is a party to any service contract with the Company that provides for benefits upon termination.

However the Board does not consider that the policy of annual re-election is appropriate for executive Directors and accordingly the Board has decided that executive Directors will be subject to re-election once every three years in accordance with the Company's Articles of Association. As at 31 December 2014 there were no executive Directors.

Accordingly, the Board has determined that all non-executive Directors eligible for re-election will retire at the 2014 Annual General Meeting and will offer themselves for re-election.

Corporate Governance Report - continued

The Board of Directors - continued

The following Directors will retire at the AGM and will offer themselves for re-election:

L Buckley *(Chairman)*	Re-election
T Buckley	Re-election
J Kennedy	Re-election
A Marshall	Re-election
T Mullane	Re-election
L O'Hagan	Re-election
P Connolly	Re-election
L Gaffney	Re-election
D Harrison	Re-election

Full biographical details of each of these Directors appear on pages 13 to 17 of this report.

The Board is fully satisfied that the Company greatly benefits from the diverse skill and broad commercial experience that the Directors bring to the Company and, accordingly, the Board recommends re-election of the Directors, comprising L Buckley, T Buckley, J Kennedy, A Marshall, T Mullane, L O'Hagan, P Connolly, L Gaffney and D Harrison.

Corporate Governance Report - continued

The Board of Directors - continued

Retirement and re-election

It is the Board's policy to regularly review the Chairmanship of its committees. Appointments to committees are for a period of up to three years, which may be extended for a further three-year period provided the Director is re-elected by shareholders and remains independent, or in the case of some committees, a majority of the Directors on the committee remain independent. A Director may be permitted to continue as a member of the same Board committee for more than six years by approval of the Board. Recommendations to shareholders for the re-election of non-executive Directors for terms beyond six years will be made only after review by the Board.

			First Year of Appointment**				
Director	**Role**	**Independent**	**Board**	**Audit Committee**	**Remuneration Committee**	**Nominations and Corporate Governance Committee**	**Corporate Social Responsibility Committee**
L. Buckley	Chairman	No	2012*	-	-	-	-
T. Buckley	Non-executive Director	Yes	2012	2012	-	2012	2014
P. Connolly	Non-executive Director	No	2009	-	2012	-	-
L. Gaffney	Non-executive Director	No	2009	-	-	2009	2012
D. Harrison	Non-executive Director	No	2012	-	-	-	-
J. Kennedy	Non-executive Director	Yes	2012	2012	-	2012	-
A. Marshall	Non-executive Director	Yes	2012	-	2012	-	-
T. Mullane	Non-executive Director	Yes	2012	2012	2012	2013	-
L. O'Hagan	Non-executive Director	Yes	2012	2012	2012	-	-

* *L Buckley was previously a non executive Director of INM from March 2009 until June 2011. L Buckley was reappointed to the Board as a Director and also appointed Chairman of the Company in 2012.*

** *All non executive Directors were last reelected at the Group's AGM in 2014.*

Corporate Governance Report - continued

The Board of Directors - continued

Induction and development / Information and Professional Development

New Directors are comprehensively briefed on the Company and its operations, including the provision of extensive induction materials on appointment. An induction process is clearly established and has been set out in writing and approved by the Board. In addition, to aid their ongoing development and understanding of the business, Directors engage with the executive and senior management teams on a continuing basis.

A procedure is in place under which Directors, in furtherance of their duties, are able to take professional advice, if necessary, at the Company's expense.

The Company Secretary is responsible for ensuring that Board procedures are followed and all Directors have access to his advice and services. The Company Secretary ensures that the Board members receive appropriate training as necessary. The Company Secretary is responsible for advising the Board on all corporate governance matters.

The Company has an insurance policy in place which insures the Directors in respect of legal action taken against them in respect of their reasonable actions as officers of the Company.

Meetings

The Board has a fixed schedule of meetings each year and may meet more frequently as required. There were 13 Board meetings held in 2014. Details of Directors' attendance at these meeting are outlined in the table on page 27 in line with best practice guidelines.

For regular Board meetings, the agenda will usually comprise of reports from the Chief Executive Officer, Chief Financial Officer and selected executive management. The practice is to have the agenda and supporting papers circulated to the Directors five days ahead of each meeting. It is inevitable that there will be occasions when circumstances arise to prevent Directors from attending meetings. In such circumstances, it is practice for the absent Director to review the Board papers with the Chairman and convey any views on specific issues. It should also be noted that the time commitment expected of non-executive Directors is not restricted to Board meetings. All of the Directors are to be available for consultation on specific issues falling within their particular fields of expertise.

Performance Evaluation

The Code requires that the Board should undertake a formal and rigorous annual evaluation of its own performance and that of its Committees and individual Directors. The following steps were taken by the Company to ensure its self-evaluation process was as robust and objective as possible. A Board Effectiveness Review Questionnaire was completed by each Director for 2014. The questionnaire, which has as its objective, the assessment of whether each Director continues to contribute effectively and to demonstrate commitment to the role (including commitment of time for Board and Committee meetings and any other duties) included the following areas:

- Board Strategy;
- Board Relations and Communications;
- Board Administration and Composition;
- Performances of Individual Directors; and
- Board Committees Composition and Performance.

The Chairman considered the results of the completed questionnaires, including an assessment of the Board process and of collective Board strength.

Corporate Governance Report - continued

The Board of Directors - continued

Performance Evaluation - continued

In line with the Code, the Board, both collectively and individually, will be evaluated by an external evaluator at least every three years. Due to a Board change in 2012, the next external evaluation will take place in 2015.

During the year, the non-executive Directors, led by the Senior Independent Director, met without the Chairman being present to review his performance. This forms part of the broader Board effectiveness review and ensures a robust, independent and effective Board.

In addition, the Audit Committee, reviewed its Terms of Reference concerning the Committee's role in the audit and financial management of the Company and its own effectiveness in order to identify and submit any amendments to the Board for approval. A number of wording amendments were approved to ensure the Terms of Reference more fully reflects the provisions of the current UK Combined Code ('Code').

Remuneration

Details of Directors' remuneration are set out in the Report of the Remuneration Committee on Directors Remuneration on pages 35 to 41.

Share ownership and dealing

Details of the shares held by Directors are set out in the table on page 40. The Company has a policy on dealing in shares that applies to all Directors and senior management. Under the policy, Directors are required to obtain clearance from the Chairman before dealing in Company shares. Directors and senior management are prohibited from dealing in Company shares during designated prohibited periods and at any time during which the individual is in possession of price-sensitive information.

Board Committees

There are four Board Committees with formal terms of reference:
- the Audit Committee;
- the Remuneration Committee;
- the Nomination and Corporate Governance Committee; and
- the Corporate Social Responsibility Committee.

Corporate Governance Report - continued

The Board of Directors - continued

Audit Committee

The members of the Committee at 31 December 2014 were:
J Kennedy (Chairman)
T Buckley
T Mullane
L O'Hagan

The role and responsibilities of the Committee are set out in the Committee's Terms of Reference, copies of which are available from the Company Secretary and on the Company's website at inmplc.com. There were four meetings of the Committee during the year and the attendance details of each of the members of the Committee are set out on page 27 of this report.

The report from the Audit Committee for the year ended 31 December 2014 is set out on pages 29 to 33 of this report.

Remuneration Committee

The members of the Committee at 31 December 2014 were:
L O'Hagan (Chairman)
P Connolly
A Marshall
T Mullane

The Remuneration Committee is responsible for determining the remuneration of the Chief Executive and the Chairman and for determining, in consultation with the Chief Executive, the remuneration of executive management. The terms of reference of the Committee are available from the Company Secretary and also from the Company's website at inmplc.com. There were four meetings of the Committee during the year and the attendance details of each of the members of the Committee are set out on page 27 of this report. The Remuneration Committee Report for 2014 appears on pages 35 to 41.

Nomination and Corporate Governance Committee

The members of the Committee at 31 December 2014 were:
T Buckley (Chairman)
L Gaffney
J Kennedy
T Mullane

The Nomination and Corporate Governance Committee is responsible for making recommendations on Board appointments and for regularly reviewing the efficacy, efficiency, structure, size and composition of the Board with regard to the complexities of the media industry and the diversity of international markets in which the Group operates. The Committee considers candidates from a wide variety of backgrounds. Candidates are assessed against objective criteria and with regard to the benefit of diversity on the Board, including gender.

The Committee is also responsible for reviewing the Group's Corporate Governance policies and ongoing compliance. The full terms of reference of the Committee are available from the Company Secretary and also from the Company's website at inmplc.com. There were three meetings of the Committee during the year.

Corporate Governance Report - continued

The Board of Directors - continued

Corporate Social Responsibility Committee

The members of the Committee at 31 December 2014 were:
L Gaffney (Chairperson)
T Buckley (appointed 19 May 2014)

The Group is committed to acting in the best interests of all its stakeholders: customers, employees, suppliers, and shareholders and is keenly aware of its social responsibilities regarding the environment, our community and our people (see Corporate Social Responsibility & Environmental Report on page 7). The terms of reference of the Committee are available from the Company Secretary and on the Company's website at inmplc.com. There were three meetings of the Committee during the year.

Employment
The Group is committed to equal opportunity of employment and all employment decisions are based on merit, qualifications and abilities. The Group is committed to providing a working environment that is free from all forms of discrimination and harassment.

Health and Safety
The Group is committed to creating and maintaining a safe and healthy working environment for all employees. This includes providing appropriate training to enable employees to perform their work safely and effectively.

Social, Community and Environmental
The Group supports a wide variety of charitable organisations by making financial contributions and by providing editorial coverage. The Group provides significant editorial coverage and support for environmental and health issues in the local and national community. The Group is committed to supporting best practice and complying with all relevant legislation in relation to the production of its products and to environmental issues.

Corporate Governance Report - continued

The Board of Directors - continued

Attendance at Board and Committee Meetings during the year ended 31 December 2014										
	Board		Audit Committee		Remuneration Committee		Nomination & Corporate Governance Committee		Corporate Social Responsibility Committee	
	A	B	A	B	A	B	A	B	A	B
Continuing Directors										
L Buckley	13	13								
T Buckley	13	12	4	4			3	3	1	1
P Connolly	13	13			4	4				
L Gaffney	13	11					3	3	3	3
D Harrison	13	12								
J Kennedy	13	13	4	4			3	3		
A Marshall	13	13			4	3				
T Mullane	13	12	4	4	4	4	3	3		
L O'Hagan	13	11	4	3	4	4				
Former Directors										
V Crowley	5	5							2	2

The attendance statistics are outlined above in the format 'A/B' where 'A' represents the total number of meetings held during the period for which the Director was in place and 'B' represents the number of meetings attended by the Director.
V Crowley retired from the Board on 19 May 2014.

Board Appointments and Succession Planning

Responsibility for Board appointments and succession planning falls within the scope of the full Board, with recommendations from the Group's Nomination and Corporate Governance Committee as appropriate.

Accountability and Audit
Under Irish company law, the Directors are responsible for the preparation of the financial statements and these responsibilities are outlined in detail under the Statement of Directors' Responsibilities on page 49.

Corporate Governance Report - continued

The Board of Directors - continued

Internal Control

The Directors acknowledge that they are responsible for the Group's systems of internal controls and for reviewing their effectiveness. This review is carried out with the assistance of the Audit Committee.

An ongoing process, in accordance with the guidance of the Turnbull Committee on Internal Control, has been established for identifying, evaluating and managing risks faced by the Group, and is reviewed regularly by the Board. This process was in place for the year ended 31 December 2014 and was also in place at the date of this report.
The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk assessment and evaluation take place as an integral part of the annual planning and budgeting process, the results of which are reviewed by senior management and the Board. In addition to work performed by the Internal Audit function, a co-ordinated annual programme of risk and control self assessment is also carried out and the results of this are reported to the Audit Committee. This process has regard to the material risks that could affect the Group's business. The Board's annual review of the effectiveness of internal control, advised by the Audit Committee, has been based on that programme.

Considerable progress continues to be made in refining the risk management reporting framework and embedding the ownership of business risks within executive management. An executive management committee has been established to oversee the risk management activities across the Group. Internal Audit reports to the Audit Committee on the effectiveness of these risk management structures.

In accordance with the process outlined above, the Board has satisfied itself on the effectiveness of the internal control systems in operation and it has approved the reporting lines to ensure the ongoing effectiveness of the internal controls and reporting structures.

Corporate Governance Report - continued

REPORT FROM THE AUDIT COMMITTEE

Members of the Committee

The Audit Committee is comprised of four independent non-executive Directors. The members of the Committee are:

J Kennedy (Chairman)
T Buckley
T Mullane
L O'Hagan

The terms of reference of the Committee are available from the Company Secretary and on the Company's website at inmplc.com.

Role and Responsibilities

The Committee's functions include the following:

- to monitor the integrity of the financial statements of the Company and any formal announcements relating to its financial performance, reviewing significant financial reporting issues and related judgements;
- to review and challenge where necessary the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company/Group;
- to review and challenge where necessary the methods used to account for significant or unusual transactions where different approaches are possible;
- to review and challenge where necessary the clarity of disclosure in the Company's financial reports and the context in which the statements are made;
- to review the effectiveness of the Company's internal controls and risk management systems and to review the statements to be included in the Annual Report concerning internal controls and risk management;
- to monitor and review the effectiveness of internal audit activities;
- to monitor and review the external auditors' independence, objectivity and effectiveness, taking into account professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non audit services;
- to report to the Board on how it has discharged its responsibilities; and
- to meet with the external auditors independent of management at least annually.

In 2013 the Board extended the Committee's remit such that the Committee must now formally advise the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the performance of the Group, along with its business model and strategy.

Corporate Governance Report - continued

Report from the Audit Committee - continued

How the Committee has Discharged its Responsibilities

The Committee held four meetings during the year. Members of management attended each meeting and the external auditors attended as appropriate. Matters considered at meetings included the following:

- the Group Internal Audit reports and findings;
- the External Audit Plan;
- the annual and interim financial statements and the related Stock Exchange announcements; and
- the reports from the external auditors on any issues raised during the conduct of their audit including any significant accounting and judgemental issues.

Monitoring the Integrity of the Financial Statements including Significant Judgements

In accordance with the reporting requirements of the 2012 UK Corporate Governance Code ('the Code') the Audit Committee confirms to the Board that, in our view, the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

As part of this work, the Committee considered whether the financial statements are consistent with the operating and financial reviews elsewhere in the annual report and, in particular, whether the financial statements contain any significant matters that are not addressed in those reviews. The Committee reviewed and approved the group's policy in respect of the arrangements in place to ensure that the annual report is fair, balanced and understandable.
The Committee also considered the operation of these arrangements in practice including a review of the guidance provided to group personnel involved in financial and management reporting and the degree of verification carried out in respect of the factual content of the Annual Report.

The key areas of judgement considered by the Committee in relation to the financial statements for the year to 31 December 2014 and how these were addressed are outlined below. In addition, each of these areas received particular focus from the external auditor, who provided detailed analysis and assessment of the matter in their report to the Committee:

Key Areas

Carrying value of APN
The Audit Committee considered the appropriateness of continuing to treat APN as an associate in 2014, given that its shareholding reduced from 28.95% to 18.61% arising from the Group's non participation in APN's equity issue in early 2014. The Audit Committee satisfied itself that significant influence could continue to be demonstrated due to the Group continuing to have directors on the Board of APN in 2014.

The carrying value of APN was considered at year end. As at 31 December 2014, INM carried its investment in APN on its Balance Sheet at an amount of €68.7 million or A$0.53 per APN share held. However, at 31 December 2014, the APN share price, as listed on the Australian Stock Exchange, was A$0.835 per share (the value of the INM stake was approximately €107.9 million at 31 December 2014. As APN at year end was an associate of INM, the Group has compared the carrying value of its investment in APN to its estimated recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

Corporate Governance Report - continued

Report from the Audit Committee - continued

INM calculated the value in use of its investment in APN and concluded that the calculation showed that the value in use of INM's investment in APN was greater than its carrying value and hence no impairment arises. Further details are provided in Note 8 to the Group Financial Statements. In March 2015, the Group announced its intention to sell its investment in APN for a value of a $0.88 per share. Further details are provided in Note 39 to the Group Financial Statements.

Deferred tax

Deferred tax assets require judgement, in particular, when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income in the relevant tax jurisdiction. The Group has tax losses, capital allowances and tax credits in relation to retirement benefits available that have the potential to reduce tax payments in future years. Deferred tax assets have been recognised in relation to these items to the extent that their recovery is probable having regard to the projected future taxable profits of the relevant business units. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised, based on tax rates and tax laws substantively enacted at the balance sheet date. As at 31 December 2014, the Group Balance Sheet reflects a net deferred tax asset of €17.5 million. In considering the recoverability of the net deferred tax asset the Committee received reports from management as to the appropriateness of the future profit forecasts. The increase of this net deferred tax asset and the rationale for the increase are outlined in detail in Note 23 to the Group Financial Statements.

Carrying amount of intangible assets and property, plant and equipment

The Group has significant investment in intangible assets and property, plant and equipment. Annual impairment tests are performed to determine whether the carrying amounts are recoverable. Conducting an impairment test is complex and judgemental. INM compare the carrying value of the asset being tested with the recoverable amount of the asset. The recoverable amount is calculated by calculating the present value of the future cash flows expected to be derived from the asset. The impairment tests show that no wholly-owned assets or INM subsidiaries are impaired at 31 December 2014. Note 14 to the Group Financial Statements outlines the impairment methodologies adopted.
The Committee received detailed reporting from management and challenged the appropriateness of the assumptions made and the sensitivity testing performed.

Other Areas

Sale of subsidiary operations

In June 2014, the sale of the Group's Education businesses was concluded. Accordingly, the Education businesses results are presented as a discontinued operation and the effect of the sale of this business is presented in Note 28 to the Group Financial Statements. A loss of €0.5 million arising from the disposal of the Education businesses is recognised and outlined in Note 7 to the Group Financial Statements. Accordingly the Education businesses results are reported as 'Discontinued Operations'.

Each of these significant issues was addressed in the report received by the Committee from the external auditors and was discussed in the Committee's meeting with management and reported on by the external auditors. In addition, management prepared a summary report on the key items & disclosures to assist the Audit Committee in their review and approval of the financial statements. As a result of these deliberations the Committee is satisfied that the Group Financial Statements deal appropriately with each of the areas of significant judgement.

Corporate Governance Report - continued

Report from the Audit Committee - continued

Risk Management, Internal Control and Internal Audit

The Committee reviewed the Group's systems of internal control and the ongoing process for identifying, evaluating and managing risks faced by the Group. The Committee reviewed and approved the statement to be issued in the Annual Report concerning internal control and risk management.

The Committee received and reviewed periodic internal audit reports throughout 2014 and agreed any actions arising therefrom. The Committee also considered the adequacy of existing internal audit resourcing in 2014 and the requirements for outsourcing some technical internal audits in 2015. The Committee concluded that the function is adequately resourced at present and approved the internal audit annual plan and budget.

The importance of risk management is embedded within all levels and functions of the Group's activities. All significant business units are required on a semi-annual basis to review the key risks facing their business. The main features of the Group's internal control and risk management systems that relate specifically to the Group's financial reporting and accounts consolidation process include:

- The preparation of financial statements by finance personnel with the appropriate level of qualifications and expertise;
- The review of reporting packages for each entity / division as part of the year-end audit process;
- The reconciliation of reporting packages to management packs as part of the audit process and as part of management review;
- The validation of consolidation journals as part of the management review process and as an integral component of the year-end audit process;
- The review and analysis of results by the Chief Financial Officer and the auditors, with the management of each division; and
- The review of audit management letters by the Chief Financial Officer, Head of Internal Audit and the Audit Committee; and the follow up of any critical management letter points to ensure issues highlighted are addressed.

The Audit Committee is responsible for monitoring the integrity of the Group's financial statements and reviewing the significant financial reporting judgements contained therein.

In respect of the current year, the Committee reviewed the Group's interim report for the six months to 30 June 2014 and the preliminary announcement and annual report for the year. In carrying out these reviews, the Committee considered:

- whether the Group had applied appropriate accounting policies and practices;
- the consistency of accounting policies both on a year on year basis and across the Group;
- the clarity and completeness of disclosures and compliance with relevant financial reporting standards and corporate governance and regulatory requirements; and
- the significant areas in which judgement had been applied in preparation of the financial statements in accordance with the accounting policies.

Local management within these business units are also required to assess whether these key risks are being satisfactorily mitigated or whether further action is required. The Audit Committee receives annually a report of the top risks arising from this risk self assessment process for review.

In 2014, considerable progress was made in refining the risk management reporting framework and embedding the ownership of business risks within executive management. An executive management committee has been established to oversee the risk management activities across the Group. Internal Audit reports to the Audit Committee on the effectiveness of these risk management structures.

Corporate Governance Report - continued

Report from the Audit Committee - continued

External Audit

It is the responsibility of the Committee to monitor and review the external auditors' independence, objectivity and effectiveness, taking into account professional and regulatory requirements. KPMG are the external auditors for the Group. The current auditors are in place since June 2013 when the last tender was conducted. In August 2014, the Committee met with the external auditors and again in December 2014 where the Committee agreed the audit strategy and plan for the year, highlighting the key financial statement and audit risks, to ensure the audit was appropriately focused. In April 2015 in advance of approving the annual report, the Audit Committee received a report from the external auditors on their key audit findings including the key areas of judgement referred to above. This report was discussed with KPMG in advance of the Audit Committee's recommendation for the approval of the annual report by the Board.

Objectivity and Independence

In accordance with the Audit Committee's Terms of Reference the Committee is required to explain how, if the auditors provide non-audit services, auditor objectivity and independence is safeguarded. The Committee reviewed the total fees (audit and non-audit) paid to the auditors in 2014 and assessed the nature of the fees paid for non-audit services. The Committee discussed this with the auditors. The auditors have described how auditor independence is managed in their firm and also confirmed that they complied with all regulatory and ethical guidelines in this matter. The Committee was satisfied with the explanations received. Note 6 to the financial statements provides further details on the level of total fees (audit and non - audit) paid to auditors during the year.

Non audit services

The Committee has a policy on the supply of non audit services by the external auditor, taking into account any relevant ethical guidance on the matter. This includes obtaining up to date information to enable the Committee to monitor the company's relationship with the auditor, including, but not limited to, information relating to the auditor's affiliates and recommending whether or not to award contracts to the auditor or an affiliate of the auditor for non-audit work.

Committee Effectiveness

The effectiveness of the Committee is reviewed on an annual basis by both the Board and the Committee itself. Following such reviews, we are pleased to advise that the Committee is considered to be operating effectively and efficiently.

Corporate Governance Report - continued

Relations with Shareholders

The Group attaches considerable importance to open and regular shareholder communications and has a well-established investor relations function. There is regular dialogue with institutional investors, as well as detailed presentations and road shows after the announcement of interim and full year results. This dialogue is primarily with key executives who met with institutional investors during the year and participate in broker/investment conferences. The non-executive Directors are informed of any significant shareholder concerns. The Annual Report is made available to all shareholders either by post or on the Company's website and results announcements, together with detailed investor presentations, are published on the Company's website at inmplc.com. The website contains additional information for investors which is regularly updated.

At the Company's AGM, the Chairman and the Chief Executive Officer make presentations and all Directors are available to answer questions on any aspect of the Group's strategy, business and performance during the prior year. Arrangements will be made for the 2014 Annual Report and AGM notice to be available to shareholders at least 21 working days before the meeting and for the level of proxy votes cast on each resolution, and the numbers for and against, to be announced at the meeting. The details of the levels of votes cast will be announced to the Irish and London Stock Exchanges and will also be published on the Company's website at inmplc.com.

Remuneration Report

Members of the Committee

The Remuneration Committee is comprised of three independent non-Executive Directors and one non-independent non-Executive Director. The members of the Committee are:
L O'Hagan (Chairman)
P Connolly
A Marshall
T Mullane

Role and Responsibilities

The purpose of the Committee is to assist the Board in fulfilling its responsibilities to the Company and its shareholders by determining and agreeing with the Board the framework of Board policy for the remuneration of the Chairman of the Board, Chief Executive, and such other members of the executive management as it is designated to consider.

The Remuneration Committee's ongoing work is designed to align the interests of executive management with all shareholders and to give the executive management the appropriate incentive to perform at the highest levels, rewarding consistent, strong performance. A full copy of the terms of reference of the Committee is available from the Company Secretary and on the Company's website at inmplc.com.

The Committee's functions include:

- determining the remuneration of the Chairman of the Board;
- determining the remuneration of the Chief Executive;
- determining, in consultation with the Chief Executive, the remuneration of other members of the executive management;
- satisfying itself that remuneration is competitive so as to attract, retain and incentivise key personnel; and
- advising on the share option scheme (or other share-based incentives), determining eligibility to participate therein and the granting of options (or other share-based incentives).

Remuneration Report - continued

How the Committee has Discharged its Responsibilities

The Committee held four meetings during the year.

The Remuneration Committee received advice from Mercer. Mercer also provide actuarial advice to the company and are actuaries and investment advisors to a number of the company's approved pension schemes.

The remuneration of non-Executive Directors is determined by the Chairman of the Board. Such remuneration consists of a basic fee of €45,000 (2013: €45,000) payable to each non-Executive Director and additional fees are payable to the Chairman of the Board, the Senior Independent Director and for participation on Board sub-committees. There was no increase in individual Director basic fees in 2014. Non-Executive Directors' emoluments are detailed on page 39.

Non-Executive Directors are not eligible to participate in the Group's share option schemes. None of the remuneration of the non-Executive Directors is performance related. Non-Executive Directors' fees are not pensionable and non-Executive Directors are not eligible to join any Group pension plan.

Remuneration for an Executive Director consists of base salary, participation in an annual performance-related incentive plan, participation in a share based long term incentive plan, pension benefits and a company car allowance. An Executive Director does not receive any separate fees for serving as a Director of any Group company or of any company where the Director is nominated by the Company. The Executive Director's emoluments are detailed on page 39. The one remaining Executive Director as at the start of 2014 retired during the year.

Base Salary

The base salary for an Executive Director is reviewed annually.

Annual (Performance-Related) Incentive Plan

The Annual Incentive Plan is tied to clear objectives, both financial and personal, and is the primary mechanism by which the Company rewards individual performance.

The Plan provides for a performance incentive, payable in cash through payroll, based on the achievement of specific financial criteria and personal performance. The Plan comprises the following elements:

- A target incentive as a percentage of base salary.
- A rating of financial performance. Initially the measure will be EBITDA (Earnings before Interest, Tax, Depreciation, and Amortisation). Other measures may be added in the future.
- A rating of personal performance based on an individual's achievements against agreed personal objectives.
- An additional award of 20% of the target incentive if EBITDA is 5% or more in excess of the budget.

Under the Plan, 50% of the incentive is based on the financial performance of the company and 50% is based on an individual's personal performance. However, no payment will be made unless the budgeted EBITDA is achieved.

The target incentive for the achievement of the budgeted EBITDA and for the achievement of the agreed personal objectives is 70% of base salary in the case of the Chief Executive and up to 50% in the case of Senior Executives. The maximum award, based on the achievement of the annual EBITDA budget plus 5% or more and achieving all personal objectives is 84% of base salary in the case of the Chief Executive and 60% in the case of Senior Executives.

The Rating of Financial Performance

50% of the individual target incentive is payable for the achievement of the EBITDA budget. A further 20% of the target incentive is payable for the achievement of the EBITDA budget plus 5% or more.

The Rating of Personal Performance

50% of the individual target incentive is payable where all personal objectives are achieved. Where this is not the case the Remuneration Committee will make an award at a lower level where it is satisfied that it is appropriate to do so having regard to the personal performance of the participant and his/her contribution to the overall performance of the business. However, no payment in respect of personal performance will be made unless the budgeted EBITDA is achieved.

Any award under the Annual Incentive Plan will be payable as soon as practical following the completion of the audit for the relevant year. Executives who leave the Group will not be entitled to any award in respect of that year.

No award under the Plan was made to an Executive Director in respect of 2014.

(Share Based) Long Term Incentive Plan

The Board believes that a Long Term Incentive Plan is beneficial in supporting the recruitment, motivation and retention of senior executives. At the company's AGM in 2014 the shareholders approved a new Long Term Incentive Plan, under which an award of shares is made based over a rolling three year period on growth in the company's EPS and the company's relative Total Shareholder Return (TSR).

The maximum annual award under the Plan is 100% of salary although in exceptional circumstances, for example to facilitate recruitment, once off higher awards may be granted. Awards vest subject to the achievement of the performance conditions below- each condition represents 50% of the award.

Performance is measured over a three year period - the Performance Period - and shares will not vest in any event unless the Remuneration Committee is satisfied that the company's underlying financial performance has shown a sustained improvement in the period since the date of grant.

Pending the appointment of the new Chief Executive, no share awards were made under the Plan in 2014. The Board, on the recommendation of the Remuneration Committee, made awards under the Plan in April 2015.

Remuneration Report - continued

(Share Based) Long Term Incentive Plan - continued

TSR performance condition

Up to 50% of the Shares subject to an award vests according to this TSR performance condition. The extent to which this part of the award vests is determined by reference to the ranking of the comparison TSR during the Performance Period in comparison with the companies in the comparison group, in accordance with the following table:

Company's TSR ranking	Proportion of the total award which vests
Below median	0%
Median	25%
Between median and the 75th percentile	25% - 50% pro rata
75th percentile or above	50%

The comparison group in respect of each award comprises the companies in the FTSE 350 Media Group on the first day of the Performance Period. The Committee may from time to time and at its discretion modify the composition of the comparison group with the agreement of the IAIM if by reason of any change in the business of any such company, or if any such company ceases to be publicly listed, the Committee considers that it would no longer properly form part of such comparison group for the business of the Company or that any one or more other or additional companies would properly form part of such comparison group.

EPS performance condition

Up to 50% of the Shares subject to an award vests according to this EPS performance condition. The extent to which this part of the award vests will be determined by reference to the annualised growth in the Company's EPS during the Performance Period in comparison with the annualised change in the CPI, in accordance with the following table:

Company's annualised EPS growth in excess of the annualised change in CPI	Proportion of the total award which vests
Less than 5 percentage points	0%
5 percentage points	20%
Between 5 and 10 percentage points	20% - 50% pro rata
10 percentage points or more	50%

Vesting under the EPS performance condition is also contingent on:

(a) the Company's average share price over the 30 day period following the Announcement Date prior to vesting being higher than the average share price over the 30 day period following the Announcement Date prior to the date of the award; and
(b) the Company's annualised EPS growth over the Performance Period being positive.

A full copy of The Rules of the INM Long Term Incentive Plan 2014 are available from the Company Secretary and on the Company's website at inmplc.com.

The annualised growth in the Company's EPS is calculated by reference to the EPS of the accounting period immediately preceding the start of the Performance Period and the EPS of the three accounting periods of the Performance Period. EPS growth year on year will be calculated on a constant currency basis.

Remuneration Report - continued

(Share Based) Long Term Incentive Plan - continued

The annualised increase in the CPI is calculated by reference to the last figure published in the accounting period immediately preceding the start of the Performance Period and the last figure published in the three accounting periods of the Performance Period.

Employee Share Scheme 2008

Certain employees who agreed to amend the terms and conditions of their employment to provide for a permanent reduction in their salary were granted market based options under the Scheme. There are no performance conditions attached to the options which must be exercised no later than 10 years from the date of grant, that is by 21 January 2019.

The option price at which shares were issued is €1.32 and at the end of 2014 no options were exercisable.

Pension Benefits

Pension benefits for Executive Directors are based on base salary only. Current and future employees participate in a defined contribution scheme to which the Company and the individual member contributes.

Service Contracts

There are no service contracts between Directors and the Company with notice periods of more than 12 months.

Payments to Executive Directors

Total payments to the Executive Director amounted to €1,010,000 (2013: €999,000). The 2014 amount comprises €261,000 for services as Executive Director (to 19 May 2014) and €749,000 as a termination payment.

Payments to Non-Executive Directors

Non-Executive Directors	**2014 €000**	**2013 €000**
L Buckley	158	158
T Buckley	70	55
P Connolly	50	50
L Gaffney	50	50
D Harrison	45	45
J Kennedy	90	90
A Marshall	50	50
T Mullane	60	55
F Murray (retired 19/12/2013)	-	65
L O'Hagan	70	70
Total	**643**	**688**

Remuneration Report - continued

(Share Based) Long Term Incentive Plan - continued

Payments to Former Executive Directors

In 2014, the Group paid €555,468 (2013: €616,000) in respect of the entitlements of former Executive Directors.

Payments to former Non-Executive Directors

There were no pensions payable to past non-Executive Directors during the current financial year (2013: €23,002).

Directors and Company Secretary and their Interests

The interests of the Directors of Independent News & Media PLC in office at 31 December 2014 in the share capital of Independent News & Media PLC at the beginning and end of the year are set out in the table below.

The Company has a policy on dealing in shares that applies to all Directors. This policy adopts the terms of the Model Code as set out in the Listing Rules published by the UK Listing Authority and the Irish Stock Exchange. Under this policy Directors are required to obtain clearance from the Company before dealing in INM shares. Directors are prohibited from dealing in INM shares during designated close periods and at any other time when they are in possession of Inside Information (as defined by the Market Abuse Directive 2003/6/EC Regulations 2005).

Interests in Share Capital:
Independent News & Media PLC

Ordinary shares of €0.01 each

	At 31 December 2014	At 31 December 2013
Beneficial		
L Buckley	863,684	863,684
T Buckley	426,142	426,142
P Connolly	359,868	359,868
V Crowley (resigned 19/05/2014)	795,119	795,119
L Gaffney	359,868	359,868
D Harrison	357,142	357,142
J Kennedy	400,000	400,000
A Marshall	-	-
T Mullane	-	-
F Murray (retired 19/12/2013)	-	4,152
L O'Hagan	111,993	1,993
M Doorly	176,848	14
	3,850,664	**3,567,972**

Remuneration Report - continued

Interests in Share Options:
The Directors and the Company Secretary do not have any share options. Details of outstanding share options in the Company are given in Note 26 to the financial statements.

The Directors and Company Secretary and their families had no other beneficial interests in the shares of the Company or any subsidiary undertaking of the Company at 31 December 2014, other than interests in Independent News & Media PLC. Full details of Directors' shareholdings and options are included in the Register of Directors' Interests.

Shareholding Interest Post Year End

There have been no changes in any of the above interests between 31 December 2014 and 23 April 2015.

Directors' Report

The Directors have pleasure in submitting their report and financial statements for the year ended 31 December 2014.

Principal Activities

INM is a leading newspaper and media group across the island of Ireland. It also had a significant shareholding in APN News & Media Limited at 31 December 2014. It manages gross assets of €256.9 million and employs approximately 1,000 people.

INM has market-leading newspaper positions in Ireland and Northern Ireland, with a strong and growing digital presence, including market-leading digital positions. INM is the largest newspaper contract printer and wholesale newspaper distributor on the island of Ireland.

Results and Dividends

Profit of the Group attributable to equity holders of the parent was €4.5 million. No dividends were paid during the year.

Research and Development

Certain of the Company's subsidiary undertakings are engaged in ongoing research and development aimed at improving production processes and expanding product ranges. Further information in relation to product development is contained in the Operations & Financial Review which appears on pages 4 to 6.

Review of the Business

The Chairman's Statement, the Operations & Financial Review and the Corporate Social Responsibility and Environmental Report sections of the Annual Report provide a review of the Group's business for 2014, including comments on key performance and operational indicators.

Risks and Uncertainties

There is an ongoing process for the identification, evaluation and management of the principal risks faced by the Group. See the Corporate Governance Report on pages 18 to 34 which discusses the Group's systems of internal control and the ongoing process for identifying, evaluating and managing risks faced by the Group. The principal risks and uncertainties are set out below across four broad categories being Financial, Strategic, Operational and Reputational. Given the nature of our business and the complexity of the environment in which we operate we are cognisant that some risks and uncertainties may cross multiple categories.

A. Financial Risks and Uncertainties

Financial and General Covenants - Debt Service Obligations
The principal financial risks are credit risk, liquidity risk, and market risk. Market risk includes foreign exchange risk, interest rate risk, and price risk. The Group's ability to service its debts in the longer term is dependent on the Group's future operating and financial performance which will be affected by the Group's ability to implement successfully its business strategy (focused on ownership of strategically valuable publishing assets, development of its digital operations and containing Group overheads) as well as general economic, financial, competitive, regulatory, technical and other factors beyond its control. Further details on financial risks are outlined in Note 32 to the Group Financial Statements.

Employee Retirement Benefit Obligations
The Group operates a number of Defined Benefit pension schemes. Reported earnings may be adversely affected by changes in pension costs and funding requirements due to lower than expected investment returns, changes in demographics and particularly, longer life expectancy. Although these are carefully monitored and there are regular reviews with trustees, there are a number of factors which are outside the Group's control including bond yields, inflation rates, mortality and regulatory change. The Republic of Ireland Defined Benefit Pension Schemes have been restructured and this has substantially reduced accrued pension benefits, closed the schemes to new members and significantly reduced the future liabilities of the Group.

Taxation Risk
The Group operates within the Republic of Ireland and Northern Ireland and earnings are therefore subject to taxation at differing rates across these jurisdictions. Whilst endeavouring to manage its tax affairs in an efficient manner, due to an ever more complex international tax environment, there will always be a level of uncertainty when provisioning for the Group's tax liabilities. There is also a risk of tax laws being amended by authorities in the different jurisdictions in which the Group operates which could have an adverse effect on the Group's results. The Group continually takes the advice of external experts to help minimise this risk.

B. Strategic Risks and Uncertainties

Cyclicality of Advertising Revenues and Economic Condition of the Markets in which we operate
General economic conditions can positively or negatively affect the performance of the Group's businesses. Uncertainty in the global economic outlook represents a risk to the Group. A significant proportion of the Group's revenue is derived from advertising which has historically been cyclical, with less being spent on advertising in times of economic slowdown.

The main geographies which the Group are directly exposed to are the Republic of Ireland and Northern Ireland. This geographic concentration means the Group is significantly exposed to the Irish domestic economy. In this market there are ongoing weaknesses in print advertising. There are a number of positive indicators for growth in the Irish domestic economy in recent months, particularly with the recovery now underway in the domestic residential property market. However in the current economic climate forecasting financial performance remains challenging given the extent to which the Group is dependant upon economic trends. To the extent that economic conditions in the Group's markets declines or do not improve, or improve over an extended period of time only, the Group's business, operating results, financial condition or prospects may be materially or adversely affected.

Directors' Report - continued

The Impact of Technological Change
The Group operates in highly competitive environments that can be subject to rapid change. The Group's products and services, and their means of delivery, can be affected by technological innovations, changing legislation, competitor activity or changing customer behaviour. A structural change in advertising markets resulting in significant advertising moving away from traditional products to the internet may affect the Group's results both positively or negatively.

Market Changes and Changes in Operating Model
Print media operations have been facing declining circulation numbers in recent years due to a number of factors including changing customer behaviour, changes in how audiences receive news and the increased proliferation of digital sources of news. A key business objective of the Group is to grow relevant market share for all print titles. The Group actively manages this risk by implementing a continual programme of product development and refinement, targeted marketing initiatives, periodic readership reviews, and ongoing circulation analysis. The Group continues to adapt its Digital Strategy to complement its published products. Through both the independent.ie and belfasttelegraph.co.uk news websites, the Group has successfully transitioned trusted brands to online platforms. The success in continuing to grow revenues from these platforms will be dependant on our capacity to continue to adapt to changing consumer habits.

Political, Economic and Social Risks
The markets in which the Group operates may be affected by numerous factors, many of which are beyond the Group's control and the exact effects of which cannot be accurately predicted. Within geographical markets, such factors include general economic and political activities, including the extent of any governmental regulation and taxation. The Group could be adversely affected by changes in economic, political, administrative, taxation or other regulatory factors, whether under Irish law or in any other jurisdictions in which the Group may operate now or in the future.

Dependency on senior management and skilled resources
The Group has undergone significant changes in its senior management in recent years. The Group is dependent on members of its senior management team and skilled personnel and believe its future success will depend, in part, on its ability to attract and retain highly skilled management and personnel. Future growth may be affected if this does not occur.

C. Operational Risks and Uncertainties

Technology dependency
The Group's businesses are dependent on the ongoing operation of its printing plants, distribution lines and IT infrastructure. Information technology systems are critical for the effective management and provision of services around the Group. Disruption to the Group's information technology infrastructure could result in lost revenue. IT Disaster Recovery plans and Business continuity plans are in place for all significant businesses.

Newsprint Price Risk/Supply Risk
Newsprint represents a significant cost within the Group's publishing operations. Newsprint price volatility is a factor facing all operators in the print media industry and can influence a company's profitability significantly. In some instances, it is possible that cover prices can be increased to offset newsprint price increases and thereby maintain margins, although there can be no assurance that cover prices can be effectively increased. As the price of newsprint affects all such operators in broadly equal terms, it does not tend to result in competitive advantage or disadvantage for any one participant in that market. Newsprint prices are subject to volatility arising from variations in supply and demand. Generally, these variations are not large but from time to time increases may be significant. The Group's newsprint requirements are monitored closely and, where deemed advantageous, long-term arrangements are agreed with suppliers to limit the potential for price volatility. The Group has a number of newsprint suppliers to reduce dependency on any specific supplier.

Cost Savings
Cost containment across all areas of the business to protect and grow margin remains a key priority of the Group and the Group has intentions to pursue further cost saving opportunities through a targeted programme of process review and improvement. It is expected that these further cost saving initiatives will be implemented in 2015 and 2016.

Environmental, Health and Safety Laws, Regulations and Standards
The Group is subject to a broad range of laws, regulations and standards, including those relating to pollution, the health and safety of employees, protection of the public, protection of the environment and the storage and handling of hazardous substances and waste materials. These regulations and standards are becoming increasingly stringent. It is the Group's policy to require that all of its subsidiaries comply with applicable laws, regulations and standards. However, violations of such laws, regulations and standards, in particular environmental and health and safety laws, could result in restrictions on the operation of the Group's sites, damages, fines or other sanctions and increased costs of compliance with potential reputational damage.

D. Reputational Risks and Uncertainties

Litigation
From time to time, by the nature of their business, newspapers are subject to libel or other types of litigation. Although the Group's newspaper titles have procedures in place to attempt to limit the nature and extent of any exposure in this area and the Group also makes provisions, where necessary, in this regard on an annual basis, there can be no assurance that litigation in the future will not have a material adverse effect on the Group's business, results or financial condition.

Brand Perception and protection of intellectual property
The strong brand names of certain key titles are important intangible assets which contribute to the success of the titles and to the attraction of advertiser revenue. Any loss of perceived brand strength or excessive cost in relation to brand promotion could have an adverse effect on the Group's business.

The Group depends on its intellectual property, from both its brands and INM developed content. Advances in technology have increased the risk of unauthorised parties attempting to copy or otherwise obtain and use INM's content or other intellectual property. If the Group is unable to protect and enforce its intellectual property rights, the Group may not realise the full value of its intellectual property.

Events since the Year End

Information in respect of events since the year end as required by both the Companies (Amendment) Act, 1986 and under IFRS is contained in the Operations & Financial Review which appears on pages 4 to 6 and in Note 39 to the financial statements.

Related Party Transactions

There have not been any contracts or arrangements with the Company or any subsidiary undertaking during the year in which a Director of the Company was materially interested and which were significant in relation to the Company's business, except as detailed in Note 34 to the financial statements.

Directors' Report - continued

Substantial Shareholdings

The company has been notified by Denis O' Brien that he held 29.88%, by IIU Nominees Limited that it held 15%, by Commerzbank AG that it held 5.43%, by Polar Capital LLP that it held 4.69%, by Marathon Asset Management LLP that it held 3.93% and by River & Mercantile Group Plc that it held 3.39% of the issued Ordinary Share capital of the Company at 23 April 2015. As far as the Board is aware, other than the shareholding set out above, no person or corporation held 3% or more of the Ordinary Share capital of the Company at 23 April 2015.

Subsidiary, Associate and Joint Venture Undertakings

Principal subsidiaries, associates and joint ventures are listed in Note 36 to the financial statements.

European Communities (Takeover Bids (Directive 2004/25/EC)) 2006

Particulars of the authorised and issued Ordinary Share capital of the Company are set out in Note 25 to the financial statements.

Holders of Ordinary Shares are entitled:
- To receive duly declared dividends in cash or, when offered, additional Ordinary Shares;
- To receive notice of and to attend, speak and vote in person or by proxy, at general meetings having, on a show of hands, one vote, and, on a poll, a vote for each Ordinary Share held;
- To appoint a proxy to attend, speak and/or vote at general meetings;
- To receive, 21 days at least before the Annual General Meeting, a copy of the Annual Report and Financial Statements; and
- in a winding-up of the Company, and subject to payments of amounts due to creditors and to any holders of shares ranking in priority to the Ordinary Shares, repayment of the capital paid up on the Ordinary Shares and a proportionate part of any surplus of the Company.

When served with notice from the Directors, shareholders are required to inform the Company in writing, not more than 14 days thereafter, of the capacity in which the shareholder holds any Ordinary Shares and if the entire beneficial interest is not held, to furnish, so far as the shareholder is aware, the name and address of any person having any beneficial interest in the Ordinary Shares. Where there is a failure to furnish the information required, the Directors are entitled to resolve that the shareholder shall not be entitled to attend general meetings nor to exercise voting rights attached to such Ordinary Shares and, if the shareholder holds 0.25 per cent or more of the issued Ordinary Shares, the Directors are entitled to withhold any dividends payable on such Ordinary Shares and no transfer of such shares can take place except through a Stock Exchange to a bona fide unconnected third party. Such sanctions will cease after not more than seven days from the earlier of receipt by the Company of notice that the member has sold the Ordinary Shares to an unconnected third party or satisfactory compliance with the notice served as provided for above.

There are no limitations in Irish law on the holding of the Ordinary Shares and transfers of Ordinary Shares require no approval save that the Directors may decline to register a transfer of Ordinary Shares on which the Company has a lien or, in the case of a single transfer of Ordinary Shares in favour of more than four persons jointly, upon notice to the transferee within two months after the lodgement of such transfer.

Certificated Ordinary Shares are transferable upon production to the Company's Registrars of the original share certificate and the usual form of stock transfer duly executed by the holder of the Ordinary Shares; Uncertificated Ordinary Shares are transferable in accordance with the rules or conditions imposed by the operator of the relevant system which enables title to be evidenced and transferred without a written instrument and in accordance with the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996; Rights attaching to Ordinary Shares remain with the transferor until the transferee's name is entered on the Register of Members of the Company.

Directors' Report - continued

Where a person is appointed as proxy, the instrument of appointment must be received by the Company not less than 48 hours (or such lesser time as the Directors may from time to time decide) before the meeting or adjourned meeting or, in the case of a poll, not less than 48 hours (or such lesser time as the Directors may from time to time decide) before the taking of the poll. The Articles may be amended by a special resolution of the shareholders.

Directors are appointed by the shareholders in general meeting. No person, other than a Director retiring at a general meeting, is eligible for appointment without a recommendation by the Directors unless, not less than 7 nor more than 21 days before the date of the general meeting, written notice by a shareholder, duly qualified to be present and vote at the meeting, of the intention to propose the person for election and notice in writing signed by the person of his willingness to act, shall have been given to the Company.
The Directors may fill a casual vacancy and any Director so appointed holds office only to the next Annual General Meeting following his appointment, when the Director concerned shall retire, but shall be eligible for re-appointment at that meeting. One third of the Directors, for the time being, are obliged to retire from office at each Annual General Meeting on the basis of the Directors who have been longest in office since their last appointment. In 2010, the Board adopted a policy of annual re-election for all Directors as recommended in the UK Corporate Governance Code. The Board has reflected on this policy and confirms that the policy of annual re-election will continue for all non-executive Directors. However the Board does not consider that the policy of annual re-election is appropriate for executive Directors and accordingly the Board has decided that executive Directors will be subject to re-election once every three years in accordance with the Company's Articles of Association.

The Board of Directors is responsible for the management of the business of the Company and may exercise all the power of the Company subject to the provisions of the Company's Memorandum and Articles of Association. The powers relating to the issuing, buying back and reissuing of Ordinary Shares are included in the Articles of Association. A copy of the Articles is available on request from the Company Secretary.

The Company's Articles of Association may be amended by special resolution passed by shareholders at a general meeting. There are no additional rules in force governing such amendment.

The Group has certain banking facilities which may require repayment in the event that a change of control occurs with respect to the Company. In addition the Group is party to certain long term printing and distribution contracts and joint venture arrangements which allow for termination at the option of the counterparty in the event that a change of control occurs with respect to the Company.

Treasury Shares

The total number of shares held as Treasury Shares at 31 December 2014 was 5,597,077 (2013: 5,597,077). This represents 0.4% of the total number of Ordinary shares at 31 December 2014 (2013: 0.4%).

Going Concern
After making enquiries the Directors confirm that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. See Note 1 to the financial statements for further information.

Corporate Governance
During the year ended 31 December 2014, except as outlined on page 18, the Group was compliant with the Principles and Provisions of the UK Corporate Governance Code (September 2012) and the provisions of the Irish Corporate Governance Annex in relation to the membership of the Audit Committee and the Remuneration Committee.

Directors' Report - continued

Directors' Statement Pursuant to the Transparency Regulations

Each of the Directors, whose names are listed on page 12, confirms that to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the Company and the Group and of the profit of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company and Group, together with a description of the principal risks and uncertainties that they face.

In accordance with the UK Corporate Governance Code (September 2012), the Annual Report and financial statements, taken as a whole, provides the information necessary for shareholders to assess the Group's performance, business model and strategy, and is fair, balanced and understandable.

Electoral Act

During the financial year ended 31 December 2014 and prior year 31 December 2013, the Group made no political contributions which would require disclosure under the Electoral Act 1997.

Auditors

In accordance with section 160(2) of the companies act 1963, KPMG Registered Auditors will continue in office.

On behalf of the Board
Leslie Buckley
Jerome Kennedy

23 April 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Irish company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State that the financial statements comply with IFRS as adopted by the EU; 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 confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are also required by applicable law and the Listing Rules issued by the Irish Stock Exchange, to prepare a Directors' Report and reports relating to Directors' remuneration and corporate governance. In accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ('the Transparency Regulations'), the Directors are required to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping proper books of account which 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 2013, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The measures taken by Directors to secure compliance with the Company's obligation to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons. The books of account are kept at the registered office of the Company.

On behalf of the Board
Leslie Buckley
Jerome Kennedy

23 April 2015

Independent Auditor's Report

to the Members of Independent News & Media PLC

Opinions and conclusions arising from our audit

1 Our opinion on the financial statements is unmodified

We have audited the financial statements of Independent News & Media PLC for the year ended 31 December 2014 set out on pages 56 to 147 which comprise the Group Income Statement, the Group and Company Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity, the Group and Company Cash Flow Statements and the Group and Company accounting policies and related notes. Our audit was conducted in accordance with International Standards on Auditing (ISA) (UK and Ireland).

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 31 December 2014 and of its profit for the year then ended;
- the Company Balance Sheet gives a true and fair view, in accordance with IFRSs as adopted by the EU as applied in accordance with the provisions of the Companies Acts 1963 to 2013, of the state of the Company's affairs as at 31 December 2014; and
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2013 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2 Our assessment of risks of material misstatement

The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgement, to have had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

In arriving at our audit opinion above on the Group financial statements the risks of material misstatement that had the greatest effect on our Group audit were as follows:

Continued on next page /

Independent Auditor's Report to the Members of Independent News & Media PLC - continued

Recoverability of deferred tax assets (2014: €21.7m; 2013: €17.9m):

Refer to the Report from the Audit Committee in the Corporate Governance Report and note 23 to the financial statements.

The risk

- The Group has gross deferred tax assets with a carrying amount of €21.7m at 31 December 2014 (2013: €17.9m). These relate primarily to capital allowances and retirement benefit obligations. A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deferred tax asset can be utilised. There is a risk over the recoverability of these deferred tax assets.

Our response

- Our audit procedures, among others, included assessing the Group's deferred tax models. This included testing the mathematical accuracy of the Group's calculations, verifying inputs to supporting documentation and determining whether the assumptions used are sufficiently robust to support the level of profits anticipated in future years. We also assessed whether the related disclosures in the financial statements are appropriate.

Investment in APN News & Media Limited (APN) (2014: €68.7m; 2013: €86.9m):

Refer to the Report from the Audit Committee in the Corporate Governance Report and note 16 to the financial statements.

The risk

- APN is a significant component of the Group. At 31 December 2014 the Group has an 18.61 per cent shareholding in APN and the carrying amount of its investment is €68.7m (2013: €86.9m). Given the significance of the investment to the Group, its carrying amount is considered a significant audit risk.

Our response

- Our audit procedures, among others, included liaising with the statutory auditor to APN (PwC Australia). Detailed audit instructions were sent to PwC Australia and PwC Australia issued a separate written report to us on their audit of APN. Their audit included specific procedures focusing particularly on the impairment assessment model that supports the carrying amount of the Group's investment in APN (e.g. reasonableness of key assumptions, mathematical accuracy). We also held a number of conference calls with PwC Australia before, during and after their audit of APN. We also read the APN Annual Report and the consolidation pack submitted to the Group by APN. Our audit procedures were designed to ensure compliance with ISA 600 Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors). We considered how the carrying amount of the investment in the Group's financial statements compares to the Group's share of the APN net assets at the balance sheet date according to APN's audited financial statements and its related market value on the Australian Stock Exchange at the balance sheet date. We also assessed the adequacy of the Group's disclosures about the recoverability of this investment and the degree of estimation involved in determining the recoverable amount. We are satisfied that the work performed adequately addresses the recoverability of the investment.

Continued on next page /

Independent Auditor's Report to the Members of Independent News & Media PLC - continued

Carrying amount of goodwill (2014: €14.9m; 2013: €14.8m), intangible assets with indefinite lives (2014: €20.1m; 2013: €18.7m) and property, plant and equipment (2014: €53.8m; 2013: €52.6m):

Refer to the Report from the Audit Committee in the Corporate Governance Report and notes 14 and 15 to the financial statements.

The risk

- The Group has significant goodwill, intangible assets with indefinite lives and property, plant and equipment. There is a risk that these assets might be impaired. Recoverability is based on forecasting and discounting future cash flows and significant judgement is involved in relation to the assumptions used in the impairment models.

Our response

- Our audit procedures, among others, included assessing the Group's impairment testing models. We considered the appropriateness of the impairment methodology. We evaluated the key assumptions used by the Group, including cash flow projections, long-term growth rates and discount rates. We compared the Group's assumptions, where possible, to externally-derived data and challenged the reasonableness of the underlying cash flow forecasts. We examined the sensitivity analyses prepared by management. We checked the mathematical accuracy of the models. We also assessed whether the related disclosures in the financial statements are appropriate.

3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at €1.8m (2013: €2.5m). This has been calculated using a benchmark of adjusted Group profit before taxation from continuing operations (of which it represents 6 per cent), which we have determined, in our professional judgment, to be one of the principal financial benchmarks relevant to members of the Company in assessing financial performance. In the prior year materiality was calculated using a benchmark of Group revenue from continuing operations due to the impact of significant restructuring items in 2013, including debt restructuring, defined benefit pension restructuring and the disposal of the Group's South African business.

We report to the audit committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of €0.1m, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Following the disposal of its South African business during 2013, the Group's operations are predominantly based in the island of Ireland, with the exception of the Group's investment in APN. Audits for Group reporting purposes were conducted by KPMG Ireland at the key reporting components. These audits covered all of the Group revenue from continuing operations, the Group profit before taxation and the Group assets. Audits of these components are performed at a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of the business concerned. These materiality levels were set individually for each component and ranged from €0.2m to €1.4m.

The audit of APN undertaken for Group reporting purposes was performed by PwC Australia who reported separately to us based on a materiality level calculated by reference to a proportion of Group materiality appropriate to the relative scale of that component. This materiality level was discussed and agreed with PwC Australia in advance of commencement of their audit of APN.

Continued on next page /

Independent Auditor’s Report to the Members of Independent News & Media PLC - continued

4 We have nothing to report in respect of the matters on which we are required to report by exception

ISAs (UK and Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:
- we have identified any inconsistencies between the knowledge we acquired during our audit and the directors’ statement that they consider the annual report is fair, balanced and understandable and provides information necessary for shareholders to assess the entity’s performance, business model and strategy; or
- the Report from the Audit Committee included in the Corporate Governance Report does not appropriately disclose those matters that we communicated to the audit committee.

The Listing Rules of the Irish Stock Exchange and UK Listing Authority require us to review:
- the directors’ statement, set out on page 49, in relation to going concern;
- the parts of the Corporate Governance Report relating to the Company’s compliance with the nine provisions of the UK Corporate Governance Code and the two provisions of the Irish Corporate Governance Annex specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of directors’ remuneration committee.

In addition, the Companies Acts require us to report to you if, in our opinion, the disclosures of directors’ remuneration and transactions specified by law are not made.

Continued on next page /

Independent Auditor's Report to the Members of Independent News & Media PLC - continued

5 Our conclusions on other matters on which we are required to report by the Companies Acts 1963 to 2013 are set out below

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

In our opinion the information given in the Directors' Report is consistent with the financial statements and the description in the Corporate Governance Report of the main features of the internal control and risk management systems in relation to the process for preparing the Group financial statements is consistent with the Group financial statements.

The net assets of the Company, as stated in the Company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2014 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.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 49, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group and Company financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK and Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK and Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Continued on next page /

Independent Auditor's Report to the Members of Independent News & Media PLC - continued

Basis of our report, responsibilities and restrictions on use - continued

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

Ruaidhri Gibbons
for and on behalf of KPMG
Chartered Accountants, Statutory Audit Firm
Dublin, Ireland

23 April 2015

Group Income Statement

	Notes	Year Ended 31 December 2014 Before Exceptional Items €m	Exceptional Items* €m	Total €m	Year Ended 31 December 2013 Before Exceptional Items €m	Exceptional Items* €m	Total €m
Continuing operations							
Revenue	5	**318.7**	**-**	**318.7**	322.4	-	322.4
Operating (costs)/income		**(284.7)**	**(6.4)**	**(291.1)**	(289.7)	92.1	(197.6)
Operating profit/(loss)	3	**34.0**	**(6.4)**	**27.6**	32.7	92.1	124.8
Share of results of associates and joint ventures	16	**10.0**	**(7.8)**	**2.2**	13.5	(12.4)	1.1
Loss on deemed partial disposal of associates	16	**-**	**(16.7)**	**(16.7)**	-	-	-
		44.0	**(30.9)**	**13.1**	46.2	79.7	125.9
Finance income/(expense):	4						
- Finance income		**0.1**	**1.0**	**1.1**	0.2	148.5	148.7
- Finance expense		**(6.1)**	**-**	**(6.1)**	(20.9)	-	(20.9)
Profit/(loss) before taxation		**38.0**	**(29.9)**	**8.1**	25.5	228.2	253.7
Taxation (charge)/credit	9	**(3.2)**	**0.7**	**(2.5)**	(8.2)	(30.4)	(38.6)
Profit/(loss) for the year from continuing operations		**34.8**	**(29.2)**	**5.6**	17.3	197.8	215.1
Discontinued operations							
(Loss) /profit from discontinued operations (net of tax)	28	**(0.8)**	**(0.5)**	**(1.3)**	7.3	17.5	24.8
Profit/(loss) for the year		**34.0**	**(29.7)**	**4.3**	24.6	215.3	239.9
Profit/(loss) attributable to:							
Non-controlling interests		**(0.2)**	**-**	**(0.2)**	(0.2)	-	(0.2)
Equity holders of the Company		**34.2**	**(29.7)**	**4.5**	24.8	215.3	240.1
		34.0	**(29.7)**	**4.3**	24.6	215.3	239.9
Continuing operations - Earnings per ordinary share (cent) - Basic & Diluted	13			**0.4c**			37.1c
Discontinued operations - (Loss) /earnings per ordinary share (cent) - Basic & Diluted	13			**(0.1c)**			4.3c
Total operations - Earnings per ordinary share (cent) - Basic & Diluted	13			**0.3c**			41.4c

* *Note 7*

On behalf of the Board
Leslie Buckley
Jerome Kennedy

Group Statement of Comprehensive Income

	Year Ended 31 December 2014 €m	Year Ended 31 December 2013 €m
Profit for the year	**4.3**	239.9
Other comprehensive (expense)/income		
Items that will never be reclassified to profit or loss:		
Retirement benefit obligations:		
- Remeasurement losses (note 35)	**(54.0)**	(7.0)
- Related movement on deferred tax asset (note 23)	**5.0**	1.2
	(49.0)	(5.8)
Items that are or may be reclassified subsequently to profit or loss:		
Currency translation adjustments - subsidiaries	**0.8**	(3.8)
Currency translation adjustments - associates (note 16)	**3.8**	(18.7)
Currency translation adjustments - reclassification on liquidation/loss of control (note 7)	**2.1**	51.6
Currency translation adjustments - reclassification on deemed partial disposal (note 16)	**1.8**	-
Share of other comprehensive income of associates (note 16)	**0.1**	1.5
(Losses) /profits relating to cash flow hedges/available-for-sale financial assets	**(0.9)**	0.3
Other comprehensive (expense)/income for the year, net of tax	**(41.3)**	25.1
Total comprehensive (expense)/income for the year	**(37.0)**	265.0
Total comprehensive (expense)/income attributable to:		
Non-controlling interests	**(0.2)**	(0.2)
Equity holders of the Company	**(36.8)**	265.2
	(37.0)	265.0
Total comprehensive (expense)/income attributable to:		
Continuing operations	**(35.7)**	191.1
Discontinued operations	**(1.3)**	73.9
	(37.0)	265.0

On behalf of the Board
Leslie Buckley
Jerome Kennedy

Group Balance Sheet

	Notes	**31 December 2014 €m**	31 December 2013 €m
Assets			
Non-Current Assets			
Intangible assets	14	**45.0**	44.4
Property, plant and equipment	15	**53.8**	52.6
Investments in associates and joint ventures	16	**69.8**	87.2
Deferred tax assets	23	**21.7**	17.9
Available-for-sale financial assets	17	**2.3**	2.7
Trade and other receivables	20	**-**	1.9
		192.6	206.7
Current Assets			
Inventories	19	**3.3**	3.0
Trade and other receivables	20	**24.8**	25.9
Derivative financial instruments	18	**-**	0.4
Assets classified as held for sale	28	**-**	3.4
Restricted cash	28	**10.0**	10.0
Cash and cash equivalents	29	**26.2**	24.4
		64.3	67.1
Total Assets		**256.9**	273.8
Liabilities			
Current Liabilities			
Trade and other payables	21	**45.2**	47.9
Corporation tax payable		**0.3**	-
Borrowings	24	**15.3**	11.2
Provisions	22	**17.6**	21.1
Liabilities classified as held for sale	28	**-**	3.3
		78.4	83.5
Non-Current Liabilities			
Borrowings	24	**110.2**	118.5
Retirement benefit obligations	35	**100.5**	60.6
Deferred taxation liabilities	23	**4.2**	4.1
Other payables		**6.9**	1.9
Provisions	22	**0.6**	4.4
		222.4	189.5
Total Liabilities		**300.8**	273.0
Net (Liabilities)/Assets		**(43.9)**	0.8
Equity			
Equity Attributable to Company's Equity Holders			
Share capital	25	**13.9**	202.9
Share premium	25	**767.0**	766.6
Other reserves		**320.2**	133.9
Retained losses		**(1,144.3)**	(1,102.1)
		(43.2)	1.3
Non-controlling interests		**(0.7)**	(0.5)
Total Equity		**(43.9)**	0.8

On behalf of the Board
Leslie Buckley
Jerome Kennedy

Group Statement of Changes in Equity

	Transactions with owners of the Company										
	Share Capital €m	Share Premium €m	Share Option Reserve €m	Capital Conversion Reserve €m	Capital Redemption Reserve €m	Currency Translation Reserve €m	Other* €m	Retained Losses €m	Equity Interest of Parent €m	Non-Controlling Interests €m	Total €m
Group											
At 1 January 2013	194.6	576.7	10.4	4.5	219.7	(131.6)	-	(1,194.4)	(320.1)	(0.1)	(320.2)
Total Comprehensive (Expense)/Income for the year											
Profit/(loss) for the year	-	-	-	-	-	-	-	240.1	240.1	(0.2)	239.9
Other comprehensive income/(expense)	-	-	-	-	-	30.6	0.3	(5.8)	25.1	-	25.1
Total Comprehensive (Expense) /Income for the year	**194.6**	**576.7**	**10.4**	**4.5**	**219.7**	**(101.0)**	**0.3**	**(960.1)**	**(54.9)**	**(0.3)**	**(55.2)**
Transactions with owners of the Company, recognised directly in equity											
Employee Benefit Trust Share Issue	0.7	4.2	-	-	-	-	-	-	4.9	-	4.9
Firm Placing and Placing and Open Offer Share Issue (net of expenses)	6.1	34.5	-	-	-	-	-	-	40.6	-	40.6
Lender Share Issue and Lender Debt Reduction	1.5	151.2	-	-	-	-	-	(142.0)	10.7	-	10.7
Elimination on sale of South African businesses	-	-	-	-	-	-	-	-	-	(0.2)	(0.2)
Total transactions with owners of the Company	**8.3**	**189.9**	**-**	**-**	**-**	**-**	**-**	**(142.0)**	**56.2**	**(0.2)**	**56.0**
At 1 January 2014	**202.9**	**766.6**	**10.4**	**4.5**	**219.7**	**(101.0)**	**0.3**	**(1,102.1)**	**1.3**	**(0.5)**	**0.8**
Total Comprehensive (Expense) / Income for the year											
Profit/(loss) for the year	-	-	-	-	-	-	-	4.5	4.5	(0.2)	4.3
Other comprehensive income/(expense)	-	-	-	-	-	8.5	(0.9)	(49.0)	(41.4)	-	(41.4)
Share of other comprehensive income of associates	-	-	-	-	-	(0.5)	0.6	-	0.1	-	0.1
Total Comprehensive (Expense) / Income for the year	**-**	**-**	**-**	**-**	**-**	**8.0**	**(0.3)**	**(44.5)**	**(36.8)**	**(0.2)**	**(37.0)**
Transactions with owners of the Company, recognised directly in equity											
Reversal of capital raise costs	-	0.4	-	-	-	-	-	-	0.4	-	0.4
Transfer of share option reserve	-	-	(10.4)	-	-	-	-	10.4	-	-	-
Cancellation of deferred shares	(189.0)	-	-	-	189.0	-	-	-	-	-	-
Arising within associates - transactions with associates' non-controlling interests	-	-	-	-	-	-	-	(8.1)	(8.1)	-	(8.1)
Total transactions with owners of the Company	**(189.0)**	**0.4**	**(10.4)**	**-**	**189.0**	**-**	**-**	**2.3**	**(7.7)**	**-**	**(7.7)**
At 31 December 2014	**13.9**	**767.0**	**-**	**4.5**	**408.7**	**(93.0)**	**-**	**(1,144.3)**	**(43.2)**	**(0.7)**	**(43.9)**

** 2014: A negative movement of €0.3m relates to cash flow hedging reserve (€0.4m), available-for-sale financial assets reserve (€0.5m) and the Group's share of the movement on APN's fair value reserve of €0.6m. (2013: Other movement of €0.3m relates to cashflow hedging reserve of €0.4m and available-for-sale financial assets reserve (€0.1m)).*

Group Cash Flow Statement

	Year Ended 31 December 2014 €m	Year Ended 31 December 2014 €m	Year Ended 31 December 2013 €m	Year Ended 31 December 2013 €m
Profit for the year	**4.3**		239.9	
Exceptional items	**29.7**		(215.3)	
Profit for the year before exceptional items	**34.0**		24.6	
Share of results of associates and joint ventures (continuing & discontinued)	**(10.0)**		(13.7)	
Finance costs (continuing & discontinued)	**6.0**		20.6	
Tax charge (continuing & discontinued)	**3.2**		9.7	
Operating profit before exceptional items (continuing & discontinued)	**33.2**		41.2	
Depreciation/amortisation	**7.1**		6.8	
Earnings Before Interest, Tax, Depreciation and Amortisation	**40.3**		48.0	
Increase in inventories	**(0.3)**		(0.3)	
(Increase)/decrease in short term and long term receivables	**(0.1)**		7.1	
Decrease in short term and long term payables	**(2.9)**		(1.5)	
Decrease in provisions	**(9.5)**		(7.1)	
Retirement benefit obligations	**(5.5)**		(3.1)	
Cash generated from operations (before cash exceptional items)	**22.0**		43.1	
Exceptional expenditure (note 7)	**(4.3)**		(13.7)	
Cash generated from operations	**17.7**		29.4	
Income tax paid	-		(3.0)	
Cash generated by operating activities		**17.7**		26.4
Cash flows from investing activities				
Dividends received from associates and joint ventures	**0.5**		1.4	
Purchases of property, plant and equipment	**(4.5)**		(2.5)	
Purchases of intangible assets	**(2.5)**		(3.9)	
Proceeds from sale of property, plant and equipment	**-**		0.1	
Purchase of available-for-sale financial assets	**(0.1)**		-	
Purchases of/advances to associates and joint ventures	**(0.6)**		(0.3)	
Interest received	**0.1**		0.4	
Movement in restricted cash	**-**		(10.0)	
Disposal of Education Business (net of bank balance of €0.1m)	**0.5**		-	
Disposal of INMSA (net of bank balance of €9.9m)	**-**		140.8	
Net cash (used in)/generated by investing activities		**(6.6)**		126.0

Group Cash Flow Statement - continued

	Year Ended 31 December 2014 €m	Year Ended 31 December 2014 €m	Year Ended 31 December 2013 €m	Year Ended 31 December 2013 €m
Cash flows from financing activities				
Interest paid	**(6.1)**		(17.9)	
Proceeds from borrowings	**-**		13.0	
Repayment of borrowings	**(3.3)**		(174.3)	
Issue of equity (net of costs)	**-**		41.2	
Net cash used in financing activities		**(9.4)**		(138.0)
Net increase in cash and cash equivalents and bank overdrafts in the year		**1.7**		14.4
Balance at beginning of the year		**24.4**		12.0
Foreign exchange gains/(losses)		**0.1**		(2.0)
Cash and cash equivalents and bank overdrafts at end of the year (note 29)		**26.2**		24.4

Company Balance Sheet

	Notes	31 December 2014 €m	31 December 2013 €m
Assets			
Non-Current Assets			
Investments in subsidiary undertakings		**324.4**	345.2
Current Assets			
Trade and other receivables	20	**262.7**	254.7
Cash and cash equivalents	29	**17.7**	20.4
		280.4	275.1
Total Assets		**604.8**	620.3
Liabilities			
Current Liabilities			
Trade and other payables	21	**541.7**	539.3
Total Liabilities		**541.7**	539.3
Net Assets		**63.1**	81.0
Equity			
Capital and Reserves Attributable to Company's Equity Holders			
Share capital	25	**13.9**	202.9
Share premium	25	**767.0**	766.6
Other reserves		**443.8**	265.0
Retained losses		**(1,161.6)**	(1,153.5)
Total Equity		**63.1**	81.0

On behalf of the Board
Leslie Buckley
Jerome Kennedy

Company Statement of Changes in Equity

	Share Capital €m	Share Premium €m	Share Option Reserve €m	Capital Conversion Reserve €m	Capital Redemption Reserve €m	Non-Distributable Reserve €m	Retained Losses €m	Total €m
At 1 January 2013	194.6	576.7	10.2	4.5	219.7	30.6	(1,142.6)	(106.3)
Total comprehensive income	-	-	-	-	-	-	131.1	131.1
Employee Benefit Trust Share Issue	0.7	4.2	-	-	-	-	-	4.9
Firm Placing and Placing and Open Offer Share Issue (net of expenses)	6.1	34.5	-	-	-	-	-	40.6
Lender Share Issue and Lender Debt Reduction	1.5	151.2	-	-	-	-	(142.0)	10.7
At 31 December 2013	**202.9**	**766.6**	**10.2**	**4.5**	**219.7**	**30.6**	**(1,153.5)**	**81.0**
Total comprehensive expense	**-**	**-**	**-**	**-**	**-**	**-**	**(18.3)**	**(18.3)**
Transactions with owners of the Company, recognised directly in equity								
Reversal of capital raise costs	-	0.4	-	-	-	-	-	0.4
Transfer of share option reserve	-	-	(10.2)	-	-	-	10.2	-
Cancellation of deferred shares	(189.0)	-	-	-	189.0	-	-	-
Total transactions with owners of the Company	(189.0)	0.4	(10.2)	-	189.0	-	10.2	0.4
At 31 December 2014	**13.9**	**767.0**	**-**	**4.5**	**408.7**	**30.6**	**(1,161.6)**	**63.1**

The share premium reserve, share option reserve, capital conversion reserve, capital redemption reserve and non-distributable reserve total €1,210.8m (2013: €1,031.6m). The non-distributable reserve primarily relates to profits arising on the sale of assets to a Group company.

Company Cash Flow Statement

	Year Ended 31 December 2014 €m	Year Ended 31 December 2013 €m
Profit/(loss) for the year	**0.7**	(0.9)
Decrease in short term payables	**(0.6)**	(1.0)
Net cash generated by/(used in) operating activities (before cash exceptional items)	**0.1**	(1.9)
Exceptional expenditure	**(0.1)**	(10.2)
Cash generated by/(used in) operations	**-**	(12.1)
Cash flows from investing activities		
Interest received	**0.2**	0.1
Net cash received from investing activities	**0.2**	0.1
Cash flows from financing activities		
Movement on loans due to/from Group companies	**(2.9)**	(17.0)
Issue of equity (net of costs)	**-**	41.2
Net cash (used in)/generated by financing activities	**(2.9)**	24.2
Net (decrease)/increase in cash and cash equivalents and bank overdrafts in the year	**(2.7)**	12.2
Balance at beginning of the year	**20.4**	8.2
Cash and cash equivalents and bank overdrafts at end of the year	**17.7**	20.4

Notes to the Financial Statements

1. Accounting Policies

Changes in accounting policies

Except for the changes outlined below, the Group has consistently applied the following accounting policies in these consolidated financial statements.

The following new and amended standards and interpretations are effective for the Group for the first time for the financial year beginning 1 January 2014:

- IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*. IASB also issued IAS 27 *Separate Financial Statements* (2011), which supersedes IAS 27 (2008) and IAS 28 *Investments in Associates and Joint Ventures* (2011), which supersedes IAS 28 (2008)
- *Offsetting Financial Assets and Financial Liabilities* (Amendments to IAS 32)
- *Investment Entities* (Amendments to IFRS 10, IFRS 12 and IAS 27)
- *Novation of Derivatives and Continuation of Hedge Accounting* (Amendments to IAS 39)
- IFRIC 21 Levies

None of the above had a material impact on the Group, except for the additional disclosures required by IFRS 12.

Reporting Entity and Basis of Accounting

Independent News & Media PLC ('the Company') is a company domiciled in Ireland. These Group financial statements as at and for the year ended 31 December 2014 comprise of the Company and its subsidiaries (together referred to as 'the Group') and the Group's interest in associates and joint ventures.

In accordance with EU Regulations, the Group financial statements for the year ended 31 December 2014 have been prepared in accordance with EU adopted International Financial Reporting Standards ('IFRS'), and with those parts of the Companies Acts, 1963 to 2013, and Article 4 of the IAS Regulation, applicable to companies reporting under IFRS. The Company financial statements have been prepared in accordance with EU adopted IFRS and as applied by the Companies Acts 1963 to 2013.

These financial statements have been prepared on the going concern basis, which assumes that the Group will continue to be able to meet its liabilities as they fall due during the 12 months from the date of the approval of the 2014 Annual Report, the time period that the Directors have considered in evaluating the appropriateness of the going concern basis. Consideration has been given to the fact that the Group is in a net liability position as at 31 December 2014 when making this assessment.

This financial information has been prepared on the historical cost basis except for the measurement of certain financial instruments at fair value and the measurement of the net defined benefit pension liability at the fair value of the plan assets less the present value of the defined benefit obligation.

Notes to the Financial Statements - continued

1. Accounting Policies - continued

Basis of Consolidation

The presentation currency of the Group financial statements is Euro and the functional and presentation currency of the Company, Independent News & Media PLC, is Euro. The Group financial statements are rounded to hundreds of thousands.

The financial statements of the Company and its subsidiary undertakings for the year to 31 December 2014 are incorporated in the Group financial statements. The Group's share of results of joint ventures and associates is based on their financial statements for the year to the end of December 2014.

(i) Subsidiary undertakings are included in the financial statements from the date on which control is obtained and cease to be consolidated from the date on which control is lost by the Group. Subsidiaries are all entities where the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights are considered when assessing whether the Group controls another entity.

(ii) Non-controlling interests represent the proportion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Company. The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recognised directly in equity. Gains or losses on disposals to non-controlling interests, without a loss of control, are also recognised directly in equity.

(iii) A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

a. represents a separate major line of business or geographical area of operations;

b. is part of a single co-ordinated plan to dispose of a separate line of business or geographical area of operations; or

c. is a subsidiary acquired exclusively with a view to resale.

(iv) When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost. On the loss of control, the group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the components of equity related to the subsidiary. Any surplus or deficit on the loss of control is recognised in profit or loss. The fair value of the residual interest is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint arrangement or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss as part of the gain or loss on disposal.

(v) Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated upon consolidation.

Notes to the Financial Statements - continued

1. Accounting Policies - continued

Associates and Joint Ventures

Associates are entities, not being subsidiary undertakings or joint arrangements, where the Group has the ability to exercise significant influence over their operating and financial policies. A joint venture is an arrangement in which the Group has joint control, and the Group has rights to the net assets of the arrangement, rather than direct rights to its individual assets and obligations for its individual liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost. Subsequent to initial recognition, the Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the Income Statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. Any post-acquisition movements in equity are recognised in Group equity. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The Group ceases to recognise its share of post-acquisition losses when its investment in the relevant associate or joint venture has been written down to nil, provided the Group does not have a constructive or legal obligation to fund the associate or joint venture. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss. Losses recognised under the equity method in excess of the investor's investment in ordinary shares are applied to the other components of the investor's interest in an associate or joint venture in the reverse order of their seniority. The results of associates and joint ventures are included from the effective date on which the Group obtains significant influence/joint control and are excluded from the effective date on which the Group ceases to have significant influence/joint control. The fair value of any investment retained in a former subsidiary shall be regarded as the cost on initial recognition of an investment in an associate or joint arrangement.

Share issue programmes by associates and joint arrangements in which the Group does not participate can give rise to changes in the Group's percentage shareholding. Gains or losses arising from a dilution in the Group's shareholding from such transactions are recognised in the Income Statement.

The reduction in the Group's ownership interest while maintaining significant influence/joint control is recognised in profit or loss. In addition, the Group reclassifies any equity-accounted gain or loss previously recognised in OCI as if the Group had directly disposed of a portion of the related assets and liabilities.

Comparative Information

There have been no restatements to the comparative information in the financial statements. Some additional disclosures have been provided in accordance with IFRS 12.

Exceptional Items

The Group has adopted an Income Statement format which highlights significant items within the Group's results for the year. Exceptional items are those items of income and expense that the Group considers are material and/or of such a nature that their separate disclosure is relevant to a better understanding of the Group's financial performance. Judgement is used by the Group in assessing the particular items which, by virtue of their materiality and/or nature, are disclosed in the Group Income Statement and related notes as exceptional items. The tax element of exceptional items is included as exceptional tax.

Notes to the Financial Statements - continued

1. Accounting Policies - continued

Segmental Reporting

The Chief Operating Decision Maker ('CODM') reviews and considers management information in respect of each of: Island of Ireland - Publishing, Island of Ireland - Non-Publishing, South Africa - Publishing (in respect of the prior year) and, within associates and joint ventures, APN is disclosed separately. The key performance measure that is reviewed for these segments is operating profit/(loss) before exceptional items. Exceptional items are reviewed at Group level across different categories and appear separately from the key performance measure reviewed by the CODM.

Interest income and expense, share of result of associates and joint ventures (with the exception of a significant associate which is separately considered) and taxation were reviewed and considered by the CODM at Group level only.

The Group continued to report its revenues and operating profit before exceptional items by geographical areas with a further analysis of the geographical areas by class of business also provided. The Group's subsidiaries previously operated in two geographical areas: Island of Ireland and South Africa. In August 2013, the Group disposed of its South African operations. Accordingly, the South African segment is included under discontinued operations.
The Group disposed of its Educational Businesses in June 2014, and accordingly the Island of Ireland Non-Publishing segment is included under discontinued operations.

Any transactions between reportable segments are on an arm's length basis.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the course of ordinary activities, net of discounts, returns and Value Added Tax. Where the Group enters barter transactions to provide advertising services in exchange for receiving advertising services, the Group recognises revenue from the advertising services provided once the advertising services exchanged are dissimilar and the amount of revenue can be measured reliably.

Circulation and printing revenue is recognised when control of the goods passes to the buyer. Circulation revenue is net of publication returns. Advertising revenue (net of agency commission) from publishing is recognised when a newspaper or magazine is published. Online advertising revenue is recognised over the period that the advertisement is displayed. Distribution revenue is recognised when the newspaper or magazine has been delivered.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate over the period to expected maturity. Dividend income is recognised when the right to receive payment is established.

Notes to the Financial Statements - continued

1. Accounting Policies - continued

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss. Cost includes all expenditure that is directly attributable to the acquisition of the items. Cost will also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation is charged so as to write off the cost of assets, other than land, less their residual values, over their estimated useful lives, using the straight-line method as follows:

Buildings	40-100 years
Plant and equipment	3-25 years
Vehicles	4-6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial year in which they are incurred.

Borrowing costs directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of those assets.

Leases

Leases of property, plant and equipment where the Group has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the outset of the lease at the fair value of the leased property, plant and equipment or, if lower, at the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the balance of the liability outstanding. The interest element of the finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over a useful economic life consistent with that for depreciable assets that are owned. If there is no reasonable certainty that title to the asset will transfer to the lessee at the end of the lease period, the asset shall be depreciated over the shorter of the lease term and its useful life.

Leases in which substantially all of the risks and rewards of ownership have not been transferred to the Group are classified as operating leases. Payments made under operating leases, excluding contingent payments, are charged to the Income Statement on a straight-line basis over the period of the lease.

Notes to the Financial Statements - continued

1. Accounting Policies - continued

Intangible Assets

(i) Goodwill

Goodwill is measured at its original carrying value less accumulated impairment losses.

Goodwill acquired in a business combination is recognised as an asset and is allocated, from the acquisition date, to the respective cash generating units ('CGUs') or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. Goodwill is tested for impairment at least annually. Any impairment is recognised immediately in the Income Statement and is not subsequently reversed. Goodwill on acquisition of associates and joint ventures is included in investments in associates and joint ventures. When calculating gains and losses on the disposal of an entity, the carrying value of goodwill relating to that entity is included in the carrying amount of the entity sold.

If tax losses of a company acquired in a business combination are recognised in a period subsequent to the period in which the business combination took place, then the Group recognises acquired deferred tax benefits that it realises after the business combination as follows:

(a) Acquired deferred tax benefits recognised within the measurement period that result from new information about facts and circumstances that existed at the acquisition date shall be applied to reduce the carrying amount of any goodwill related to that acquisition. If the carrying amount of that goodwill is zero, any remaining deferred tax benefits shall be recognised in profit or loss.

(b) All other acquired deferred tax benefits realised shall be recognised in profit or loss (or, if IAS 12 requires, outside profit or loss).

(ii) Mastheads

An intangible asset shall be recognised if, and only if, it is purchased in a business combination - or separately - and it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Mastheads are initially recorded at cost. Where these assets have been acquired through a business combination, cost will be the fair value in acquisition accounting.

An intangible asset shall be regarded by the Group as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Based on an analysis of relevant factors (such as the actions of competitors and typical product life cycles), most of the Group's mastheads are regarded as having an indefinite useful life. This is supported by a range of factors including their proven value over long periods, their sustainable position in the market and durability, because they are expected to maintain market share and profitability over a long period. This is also supported by the barriers to entry that exist, the nature of competition in these industries, the intellectual property rights and the quality of branding associated with these mastheads.

These mastheads are subject to annual impairment testing at CGU level to identify whether the carrying amount exceeds the recoverable amount.

Internally generated mastheads are not capitalised and any expenditure on such assets is charged to the Income Statement in the year in which the expenditure is incurred.

Notes to the Financial Statements - continued

1. Accounting Policies - continued

Intangible Assets - continued

(iii) Computer Software

Acquired computer software is capitalised as intangible assets on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable to the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Directly attributable costs include software development, employee costs and an appropriate portion of relevant overheads.

Computer software costs are amortised over their estimated useful lives (ranging in most cases from three to five years, but up to ten years where specific bespoke software has been developed which is expected to provide benefits over a longer period). Other costs in respect of computer software are recognised as an expense as incurred.

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are included within equity as a deduction from the proceeds.

Where any Group company purchases the Parent Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Parent Company's equity holders until the shares are reissued. Where such shares are subsequently reissued any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Parent Company's equity holders.

Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually at the reporting date and more frequently when there is an indication that the asset may be impaired. Assets that are subject to amortisation are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The impairment loss recognised is the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. A CGU is the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash inflows of other assets or groups thereof. Certain of the Group's intangibles are held centrally as these have arisen as a result of the Group's acquisitions. For the purposes of carrying out impairment tests and reviews at the individual CGU level, these centrally held intangibles are allocated to the relevant CGU which appropriately reflects the history of the acquisition of these intangibles.

Notes to the Financial Statements - continued

1. Accounting Policies - continued

Impairment of Non-Financial Assets - continued

If an impairment loss is recognised for a CGU, it is allocated to reduce the carrying amount of the assets of the unit in the following order:
(i) first, to reduce the carrying amount of any goodwill allocated to the CGU; and
(ii) then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation and amortisation if no impairment loss had been recognised.

Business Combinations

The Group uses the acquisition method of accounting to account for business combinations by the Group.
The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities that are present obligations assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the recognised amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Income Statement.

Employee Benefits

(i) Pension Obligations

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held in separate trustee administered funds. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligations to pay further amounts. A defined benefit plan is a post-employment plan other than a defined contribution plan.

Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense in the Income Statement as incurred.

Defined Benefit Plans

The Group's net obligation in respect of defined benefit plans (both funded and unfunded schemes) is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Notes to the Financial Statements - continued

1. Accounting Policies - continued

Employee Benefits - continued

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in the OCI. The Group determines the net interest expense (income) in the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service is recognised immediately in profit or loss, as a past service cost or credit. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(ii) Share Based Compensation

The Group operates an equity-settled share based compensation plan for directors and executives.

The grant date fair value of the employee services received in exchange for the grant of options is recognised as an expense over the vesting period, with a corresponding increase in equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted at the grant date. When the award is dependant on a non-market performance condition at each reporting date, the Group revises its estimate of the number of options that are expected to vest such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share based payments awards with market performance conditions, the grant date fair value is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. When share options are cancelled, the Group accounts for the cancellation as an acceleration of vesting and therefore recognises immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(iii) Termination Benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a related restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Cost comprises cost of purchase i.e. supplier's invoice price (net of discounts), with the addition of charges such as freight or duty where appropriate.

Net realisable value comprises the actual or estimated selling price (net of discounts) less all costs to be incurred in marketing, selling and distribution.

Notes to the Financial Statements - continued

1. Accounting Policies - continued

Dividends

Dividends are recognised as a liability in the financial statements in the period in which the dividends are declared. Proposed dividends that are declared after the reporting date are not recognised as a liability at that reporting date but are disclosed in a note to the financial statements.

Taxation

Income tax comprises the sum of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or item recognised directly in equity or in other comprehensive income.

Current tax is based on taxable profit for the year and any adjustments in respect of previous years. It is measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of temporary differences that exist at the reporting date. A temporary difference is a difference arising between the tax base of all assets (except goodwill) and liabilities and their carrying amounts in the financial statements. However, if the temporary difference arises from the initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, joint arrangements and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions include onerous contracts in which the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assumptions of the time value of money and the risks specific to the obligation.

Financial Assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; and available-for-sale financial assets. Financial assets that meet the criteria to be designated as financial assets at fair value through profit or loss, or loans and receivables, as listed below, are so designated, with all other financial assets classified as available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

Notes to the Financial Statements - continued

1. Accounting Policies - continued

Financial Assets - continued

(i) Financial Assets at Fair Value through Profit or Loss
Financial assets at fair value through profit or loss are financial assets that are classified as held-for-trading or financial assets that the Group designates as at fair value through profit or loss on initial recognition. Derivative financial instruments are always categorised as held-for-trading financial assets at fair value through profit or loss unless they are accounted for as effective hedging instruments. The Group has not chosen to designate any other financial assets within this category.

(ii) Loans and Receivables
Loans and receivables are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are initially recognised at fair value and subsequently recorded at amortised cost. They are included in current assets, except for maturities greater than 12 months after the reporting date. Those loans and receivables with a maturity greater than 12 months are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Balance Sheet.

(iii) Available-for-Sale Financial Assets
Available-for-sale financial assets are non-derivative assets other than loans and receivables. They mainly include investments in equity securities in which the Group does not have significant influence or control. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the Balance Sheet date.

Purchases and sales of available-for-sale financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. Available-for-sale financial assets are derecognised when the rights to receive cash flows from the available-for-sale financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are carried at fair value. Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income. When available-for-sale financial assets are sold or impaired the accumulated fair value adjustments, previously recognised in OCI, are included in the Income Statement as gains and losses. The fair values of quoted available-for-sale financial assets are based on current bid prices.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets are impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists on available-for-sale financial assets the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Income Statement, is recognised in the Income Statement.

For such available-for-sale financial assets, past impairment losses recognised in the Income Statement are not reversed through the Income Statement when fair value increases. Subsequent increases in fair value that have the effect of reversing earlier impairment losses are recognised in other comprehensive income.

Notes to the Financial Statements - continued

1. Accounting Policies - continued

Accounting for Derivative Financial Instruments and Hedging Activities

Derivative financial instruments are mainly used to manage exposures to foreign exchange and interest rate risks. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The Group designates certain derivatives as hedges of the variability in cash flow attributable to a particular risk associated with assets and/or liabilities or highly probable forecast transactions (cash flow hedges). The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of the effectiveness of the hedge in offsetting changes in cash flows of hedged items. The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Cash flow Hedges

The effective portion of changes in the fair values of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income presented in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement. Amounts accumulated in equity are reclassified to the Income Statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in OCI at that time is recognised in the Income Statement when the forecast transaction to which it relates occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately reclassified to the Income Statement.

(ii) Derivatives at Fair Value through Profit or Loss

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of such derivative instruments are recognised immediately in the Income Statement.

(iii) Net Investment Hedges

Where foreign currency borrowings provide a hedge against a net investment in a foreign operation, to the extent that the hedge is effective foreign exchange differences are recognised in other comprehensive income and presented in the currency translation reserve (being a separate component of equity). Cumulative gains and losses remain in OCI until disposal of the net investment in the foreign operation at which point the related foreign exchange differences are reclassified to the Group Income Statement as part of the overall gain or loss on sale.

Borrowings

Interest bearing loans and overdrafts are recognised initially at fair value, which is the proceeds received, net of transaction costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Notes to the Financial Statements - continued

1. Accounting Policies - continued

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with banks, other short-term highly liquid investments with maturities of three months or less at inception and bank overdrafts where a legal right of set-off exists. Bank overdrafts where no legal right of set-off exists are shown within borrowings in current liabilities on the Balance Sheet.

Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of trade receivables is reduced through the use of a provision for impairment when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default in payments, are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the Income Statement.

Trade Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Foreign Currency Translation

(i) Functional and Presentation Currency
The consolidated financial statements are presented in Euro, which is the Company's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency that reflects the primary economic environment in which the entity operates ('the functional currency').

(ii) Transactions and Balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement, except when deferred in equity as qualifying cash flow hedges or hedges of net investments in foreign operations.

(iii) Group Companies
The results and financial position of all of the Group entities and associates and joint ventures that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each Balance Sheet presented are translated at the closing rate at the date of that Balance Sheet;
(b) goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate;
(c) income and expenses for each Income Statement are translated at actual exchange rates or when they are a reasonable approximation at average exchange rates; and
(d) all resulting exchange differences are recognised in other comprehensive income and presented as a separate component of equity.

Notes to the Financial Statements - continued

1. Accounting Policies - continued

Foreign Currency Translation - continued

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income. When the Group disposes of its investment in a foreign entity, all cumulative exchange differences previously taken to equity are reclassified and booked as part of the gain or loss on disposal in the Income Statement.

Subsidiary Undertakings and Intercompany Loans

Shares in subsidiary undertakings are stated in the Parent Company's Balance Sheet at cost less provision for impairment. Intercompany loans are payable on demand and are stated at cost less provision for impairment.

Earnings Per Share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (excluding treasury shares). For diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to assume conversion of all potential dilutive options over ordinary shares once the adjustment does not reduce a loss per share or increase earnings per share. Basic and diluted earnings per share before exceptional items are presented in order to give a better understanding of the Group's financial performance.

Non-Current Assets Classified as Held for Sale

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. Such assets (or disposal groups) are generally measured at the lower of their carrying amount and fair value less costs to sell.

Use of Judgements in Applying the Group's Accounting Policies

The preparation of financial statements in conformity with IFRS requires the use of significant judgements, estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Actual results may differ from these estimates.

The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, relate primarily to accounting for deferred income tax, indefinite life intangible assets, exceptional items, and retirement benefit obligations.

Notes to the Financial Statements - continued

1. Accounting Policies - continued

Key Areas

(i) ***Deferred Income Tax***

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. Significant judgement is used when assessing both the extent to which deferred tax assets should be recognised and the amount to be recognised, with consideration given to the timing and level of future taxable income in the relevant tax jurisdiction (see note 23 for further information).

(ii) ***Determination of Useful Lives and Assessment for Impairment - Intangibles and Other Assets***

Estimates of recoverable amount are key judgemental estimates in the financial statements. A number of key assumptions have been made as a basis for the impairment tests. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information (see note 14 for further information).

An intangible asset shall be regarded by the Group as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Based on an analysis of relevant factors (such as the actions of competitors and typical product life cycles), most of the Group's mastheads are regarded as having an indefinite useful life. These mastheads are subject to an annual impairment test at CGU level to identify whether the carrying amount exceeds the recoverable amount. Deferred tax on indefinite life intangible assets is assessed on a sales basis.

An impairment test is carried out at a reporting date on property, plant and equipment when there are indications that the relevant property, plant and equipment may be impaired. The impairment test compares the carrying amount of property, plant and equipment to its recoverable amount. If the carrying amount exceeds the recoverable amount an impairment is recorded.

Other Areas:

(i) ***Exceptional Items***

The Group has adopted an Income Statement format which highlights significant items within the Group's results for the year. Exceptional items are those items of income and expense that the Group considers are material and/or of such a nature that their separate disclosure is relevant to a better understanding of the Group's financial performance. Judgement is used by the Group in assessing the particular items which, by virtue of their materiality and/or nature, are disclosed in the Group Income Statement and related notes as exceptional items (see note 7 for further information).

(ii) ***Retirement Benefit Obligations***

The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include, inter alia, the discount rate, inflation rate, salary growth, and longevity, all of which are key judgements. Advice is sourced from independent actuaries in selecting suitable assumptions (see note 35 for further information).

Notes to the Financial Statements - continued

2. Financial Restructuring

During 2013, the Group restructured its debt facilities ('the Restructuring'). This Restructuring entailed a number of elements:

(a) The disposal of INMSA in August 2013 (note 28) and the application of the net proceeds to the repayment of debt resulting in an initial amendment and restatement of the Group's remaining core debt facilities;

(b) A restructuring of the Group's significant Republic of Ireland defined benefit pension schemes involving the reduction of members' accrued benefits (this was approved by the Irish Pensions Board in September 2013). In accordance with IAS 19, an exceptional gain of €111.4m arose on completion of the restructuring relating to negative past service costs and settlement of liabilities (note 35); and

(c) Following the completion of these events at (a) and (b), the final stage of the Restructuring took place in December 2013, whereby, in return for the payment to the Lenders of €40.0m, being the net proceeds of a capital raise and the issue to them of 152,517,988 new fully-paid Ordinary Shares ('Lender Shares') representing €10.7m in value of the enlarged issued share capital of the Company (note 25), the Company achieved a debt reduction of approximately €199.3m and modified terms (including a maturity in 2018, with no bank amortisations until 2015) for the residual debt. Of this €199.3m debt reduction, €40.0m was repaid from the proceeds of the capital raise, €10.7m related to the Lender Shares at the issue price and the balance of €148.5m (including €6.6m of interest differential capitalised - see note 4 for further information) related to the debt write-off. In addition, €12.1m of net bank fees were credited to the Income Statement as an exceptional finance gain.

Notes to the Financial Statements - continued

3. An analysis of the Group's operating profit and loss

	Before Exceptional items €m	Exceptional items €m	Total €m
2014			
Revenue	318.7	-	318.7
Cost of sales	(202.5)	(0.9)	(203.4)
Gross profit/(loss)	116.2	(0.9)	115.3
Distribution expenses	(35.8)	-	(35.8)
Administration expenses	(33.6)	(5.5)	(39.1)
Other operating expenses	(12.8)	-	(12.8)
Operating profit	**34.0**	**(6.4)**	**27.6**
2013			
Revenue	322.4	-	322.4
Cost of sales	(217.7)	(0.6)	(218.3)
Gross profit/(loss)	104.7	(0.6)	104.1
Distribution expenses	(36.6)	-	(36.6)
Administration expenses	(26.8)	92.8	66.0
Other operating expenses	(8.6)	(0.1)	(8.7)
Operating profit	**32.7**	**92.1**	**124.8**

Notes to the Financial Statements - continued

4. Net Finance Costs

	2014 €m	2013 €m
Finance income	**(0.1)**	(0.2)
Finance costs	**6.1**	20.9
Net finance costs (before exceptional finance items)	**6.0**	20.7
Exceptional finance income (note 7)	**(1.0)**	(148.5)
Net finance costs/(income)	**5.0**	(127.8)

The exceptional finance income in 2014 relates to a €1.0m gain on the write-off of Anti-dilution bank debt, which did not fall due in accordance with the terms of the 2013 Restructuring. In connection with the 2013 debt restructuring, €1.0m remained outstanding subject to the satisfaction of certain criteria by the Group. These criteria were met in 2014, resulting in the write-off of €1.0m in debt.

On 2 April 2013, the Group entered into a formal agreement ('Lock-up Agreement') with its Banks to restructure its bank debt facilities entered into in 2009 ('2009 Bank Facility') over a number of stages, to be completed by no later than 31 December 2013 ('the Restructuring'). Interest was accrued and paid in accordance with the 2009 Bank Facility up to the date of the Lock-up Agreement. Thereafter interest was paid on the basis of a notional €150.0m of debt up to the date of completion of the first stage of the Restructuring, being the successful disposal of INMSA and application of the proceeds to reduce the 2009 Bank Facility on 27 August 2013 ('Retranche Date'). The interest differential between the cash paid on the notional €150.0m of debt and the interest accrued on the full 2009 Bank Facility during this interim period was accrued and capitalised to debt on the Retranche Date.

On subsequent completion of the final stage of the Restructuring on 20 December 2013, being the successful capital raise and application of €40.0m of these proceeds to further reduce the 2009 Bank Facilities, the Group's core debt was reduced to €118.0m plus other available facilities and credit lines. An element of the debt reduction (€6.6m), primarily reflecting write-off of the capitalised interest differential noted above, was credited to finance costs, with the balance of the debt write-off reflected as an exceptional finance gain (see note 7).

5. Revenue

An analysis of the Group's revenue from continuing operations for the year is as follows:

	2014 €m	2013 €m
Newspaper advertising revenues	**71.3**	73.1
Online advertising revenues	**8.8**	6.4
GrabOne revenues	**3.1**	2.9
Revenue from sale of newspapers and magazines	**105.4**	107.6
Revenue from distribution/commercial printing activities	**130.1**	132.4
	318.7	322.4

Notes to the Financial Statements - continued

6. Profit /(loss) for the Year

	2014 €m	2013 €m
Group		
Profit/(loss) for the year has been arrived at after charging:		
Depreciation (note 15)	4.0	4.2
Amortisation (note 14)	3.1	2.6
	7.1	6.8
Research & development	0.1	-
Operating lease payments*	2.8	3.6

* Includes €0.2m of sublease payments in 2014 (2013: €0.2m).

During the year, the Group obtained the following services from the Group's auditors, KPMG:

	2014 €m	2013 €m
Statutory audit of Group Accounts		
- Ireland (statutory auditor)	**0.4**	0.4
- Other network firms	**-**	-
Other assurance services		
- Ireland (statutory auditor)	**0.1**	0.1
- Other network firms	**-**	-
Tax advisory services		
- Ireland	**0.2**	0.1
- Other network firms	**-**	-
Other non-audit services		
- Ireland	**0.1**	0.2
- Other network firms	**-**	-
	0.8	0.8

During the year, the Company obtained audit services from the Group's auditors to the value of €24k (2013: €24k).

Notes to the Financial Statements - continued

7. Exceptional Items

Exceptional items are those items of income and expense that the Group considers are material and/or of such a nature that their separate disclosure is relevant to a better understanding of the Group's financial performance.

		2014 €m	2013 €m
Included in profit/(loss) before taxation are the following:			
Continuing operations:			
Restructuring (charge)/credit	(i)	**(6.4)**	92.1
Exceptional finance income (note 4)	(ii)	**1.0**	148.5
		(5.4)	240.6
Share of associates' and joint ventures' exceptional items (net of tax and non-controlling interests)	(iii)	**(7.8)**	(12.4)
Loss on deemed partial disposal of associates	(iv)	**(16.7)**	-
Net exceptional tax credit/(charge)(note 9)		**0.7**	(30.4)
Continuing operations - exceptional items net of taxation		**(29.2)**	197.8
Discontinued operations:			
(Losses)/gains on sale of assets (note 28)	(v)	**(0.5)**	27.6
Exceptional finance expense	(vi)	**-**	(10.1)
Discontinued operations - exceptional items net of taxation		**(0.5)**	17.5
Total - exceptional items net of taxation and non-controlling interests *		**(29.7)**	215.3

* Of the exceptional charge of €29.7m in 2014, €4.3m is shown as an exceptional expenditure outflow in the Group Cash Flow Statement. The €4.3m primarily relates to miscellaneous restructuring costs (primarily redundancy costs of €3.6m) in the Island of Ireland. In 2013, of the exceptional gain of €215.3m, €13.7m is shown as an exceptional expenditure outflow in the Group Cash Flow Statement. The €13.7m primarily relates to South African asset disposal costs of €6.2m and miscellaneous restructuring costs (primarily redundancy costs) of €7.5m in the Island of Ireland.

Notes to the Financial Statements - continued

7. Exceptional Items - continued

(i) 2014

Primarily relates to the following:

(a) A charge of €9.3m related to miscellaneous restructuring costs, primarily redundancy costs in the Island of Ireland;

(b) A retirement benefits accounting adjustment of €3.5m due to the transfer of certain members from the defined benefit plan to the Company's defined contribution plan (note 35). This comprises a €9.3m exceptional gain on the transfers out by members, somewhat offset by an exceptional charge of €5.8m on the booking of a liability for payments to the defined contribution pension scheme in respect of those members; and

(c) A net charge of €0.6m relating to the liquidation of a Group entity, Independent Aviation Services Limited. This includes a €2.1m charge recycled from foreign currency translation reserves to the Group Income Statement as an exceptional charge as the company involved was a USD denominated entity and a €1.5m gain on the early settlement of an onerous contract booked in this entity.

2013

Primarily relates to the following:

(a) A retirement benefits restructuring gain of €111.4m due to the restructuring of the significant Republic of Ireland defined benefit pension schemes (note 35);

(b) A charge of €4.9m related to the employee share issue in December 2013 (note 25); and

(c) A charge of €14.4m related to miscellaneous restructuring costs, primarily redundancy costs in the Island of Ireland.

(ii) 2014

Relates to a €1.0m gain on the write-off of Anti-dilution bank debt, which did not fall due in accordance with the terms of the 2013 Restructuring. In connection with the 2013 debt restructuring, €1.0m remained outstanding subject to the satisfaction of certain criteria by the Group. These criteria were met in 2014, resulting in the write-off of €1.0m in debt.

2013

Primarily relates to the following:

(a) A debt write-off of the Group's Bank Facilities of €142.0m in relation to the Restructuring completed in 2013;

(b) A write back of bank back end and amendment fees of €12.6m;

(c) Costs incurred during the year in relation to the Group's renegotiation of its financing arrangements of €5.6m; and

(d) A write off of the balance of the 2009 Bank Facility front end fees of €0.5m.

Notes to the Financial Statements - continued

7. Exceptional Items - continued

(iii) 2014

The share of associates' and joint ventures' exceptional items (net of tax and non-controlling interests) of €7.8m can be broken down as follows:

(a) APN - an €8.0m exceptional charge which mainly relates to an impairment of intangible assets (€6.3m);
(b) Independent Star Limited - redundancies of €0.4m; and
(c) A net credit of €0.6m.

2013

The share of associates' and joint ventures' exceptional items (net of tax and non-controlling interests) of €12.4m can be broken down as follows:

(a) APN - primarily relates to the Group's share of non-cash impairment charges for brandsExclusive and APN Outdoor (€15.0m), offset by other items of €3.0m; and
(b) Independent Star Limited - redundancies of €0.4m.

The above amounts represent INM's share of these items.

(iv) 2014

Relates to the non-cash exceptional accounting adjustment relating to the deemed partial disposal loss arising from INM's non-participation in APN's equity issue in 2014 (note 16).

(v) 2014

Relates to the loss on disposal of the Educational Businesses (see note 28).

2013

Relates to the gain of €28.0m on the disposal of the South African business, offset by costs of €0.4m related to the disposal of the Education Businesses.

(vi) 2013

Relates to INM's South African business which was disposed of in August 2013 and presented as a discontinued operation (see note 28 for further information). This exceptional item relates to the foreign exchange losses of €10.1m booked on an intergroup loan (the settlement of which has occurred arising from the South African disposal proceeds), following classification of this business as held for sale. In the past, foreign currency gains and losses on this loan were recognised in other comprehensive income, on the basis that it formed part of the net investment and its settlement was neither planned nor foreseen in the consolidated financial statements, and presented in the currency translation reserve within equity. Please see note 39 for details of APN disposal post year end.

Notes to the Financial Statements - continued

8. Equity Interest in APN and Assessment of Carrying Value

INM had an 18.61% shareholding in APN as at 31 December 2014 (31 December 2013: 28.95%). INM accounts for APN as an associate as INM has representation on the APN Board of Directors and exercises significant influence. See note 16 for summarised financial information in relation to APN.

Recoverable Assessment of Investment in APN

As at 31 December 2014, INM carried its investment in APN on its Balance Sheet at an amount of €68.7m or A$0.53 per APN share held. At 31 December 2014, the APN share price as listed on the Australian Stock Exchange was A$0.835 per share (market value of INM stake was approx. €107.9m at 31 December 2014).

The Group has compared the carrying amount of its investment in APN to the estimated recoverable amount of its investment in APN. Under IFRS, the estimated recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. The Group has determined that the recoverable amount of INM's investment in APN was greater than its carrying amount of A$0.53 per APN share and hence INM's investment in APN is not impaired.

Impairment Charges Recorded by APN

See note 7 for details of exceptional items recognised in relation to APN. As mentioned in note 7, in 2014 INM recognised a non-cash impairment charge of €6.3m in relation to APN's New Zealand publishing businesses' cash generating units ('CGUs') (being INM's share of the impairment charge recorded by APN in respect of these CGUs).

Sensitivity Analysis

APN's New Zealand Publishing businesses CGUs have limited headroom such that reasonable changes to key assumptions would potentially give rise to an impairment charge. For these CGU's, a 1% increase in the discount rate used would result in an impairment provision of €3.1m, of which INM would book its share. A 1% decrease in long-term growth rates would result in an impairment provision of €1.6m, of which INM would book its share. If forecasted cash flows were to decrease by 10%, an impairment provision of €5.1m would be required, of which INM would book its share.

For APN's Australia Regional Media CGU, a 1% increase in the discount rate used would result in an impairment provision of €1.4m, of which INM would book its share. A 1% decrease in long-term growth rates would result in an impairment provision of €0.3m, of which INM would book its share. If forecasted cash flows were to decrease by 10%, an increase in the impairment provision of €2.7m would be required, of which INM would book its share.

Notes to the Financial Statements - continued

9. Taxation

(a) Amounts recognised in profit or loss

	2014 €m	2013 €m
Current tax:		
Current year	**0.4**	-
Adjustment for prior year	**-**	-
Deferred tax:		
Origination and reversal of temporary differences	**1.7**	1.0
Release of deferred tax asset on defined benefit schemes	**1.7**	13.9
Deferred tax asset arising on provision for defined contribution scheme payments	**(0.7)**	-
Release of deferred tax asset arising from a change in accounting estimate	**-**	19.3
Credit in respect of tax losses	**(0.6)**	-
Impact of change in tax rates (on deferred tax asset)	**-**	4.4
Taxation charge on continuing operations	**2.5**	38.6

(b) Amounts recognised in OCI

	2014 €m	2013 €m
Movement on deferred tax asset related to remeasurement losses on retirement benefit obligations	**5.0**	1.2

Notes to the Financial Statements - continued

9. Taxation - continued

(c) Reconciliation of effective tax rate

The total tax charge for the year is different from the standard rate of Corporation Tax in Ireland of 12.5% (2013: 12.5%). The differences are explained below:

	2014 €m	2013 €m
Profit before taxation	**8.1**	253.7
Less share of results of associates and joint ventures	**(2.2)**	(1.1)
Plus loss on deemed partial disposal of associates	**16.7**	-
Profit of Company and subsidiary undertakings before taxation	**22.6**	252.6
Profit of Company and subsidiary undertakings before taxation multiplied by standard rate of Corporation Tax in Ireland of 12.5% (2013: 12.5%)	**2.8**	31.6
Effects of:		
Changes in tax rates	**-**	4.4
Income/expense subject to higher rate of tax than Irish statutory rate	**0.1**	0.5
Exceptional items with a higher/lower tax effect than Irish statutory rate	**-**	-
Income/expense subject to lower rate of tax than Irish statutory rate (including items with no tax impact)	**(1.0)**	(17.1)
Release of deferred tax asset	**1.0**	19.3
Other	**(0.4)**	(0.1)
	2.5	38.6

For further information on movement in deferred tax assets in 2014, see note 23.

Within the total tax charge of €2.5m (2013: charge of €38.6m), a net credit of €0.7m (2013: net charge of €30.4m) is classified as exceptional tax. The exceptional tax credit in 2014 primarily relates to a tax credit of €1.1m arising on exceptional restructuring charges in the Republic of Ireland of €9.3m and a tax charge of €0.4m arising on an exceptional pension restructuring accounting adjustment of €3.5m in the Republic of Ireland. In 2013, the exceptional tax charge primarily relates to a reduction in the Group's deferred tax asset related to retirement benefit obligations arising from the restructuring of its significant Republic of Ireland defined benefit pension schemes (€13.9m); the reassessment of the probability of recoverability of the Group's deferred tax asset in relation to forecast future profitability as outlined in note 23 (€19.3m); and a tax credit for other exceptional items of €2.8m.

Notes to the Financial Statements - continued

10. Employees

The average number of persons employed by the Group (both continuing and discontinued operations) (including executive Directors) during the year was as

	2014	2013
Printing, publishing, digital, distribution and commercial printing*	**1,054**	2,671

* Including Education businesses.

Staff costs for the Group (both continuing and discontinued operations) (excluding termination benefits - see note 7) were €61.7m (2013: (€16.6m)). This includes wages and salaries costs of €53.6m (2013: €77.7m) and social welfare costs of €5.8m (2013: €7.1m). Retirement benefit costs/(credits) included in staff costs are detailed in note 35.

11. Segmental Reporting

Segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the Board of Directors. The key performance measure that is reviewed for these segments is operating profit/(loss) before exceptional items. Exceptional items are reviewed at a level higher than these operating segments and appear as a reconciling item from the key performance measure reviewed by the CODM to the IFRS result. Finance income and expense, share of results of associates and joint ventures (with the exception of one significant associate which is separately considered) and taxation are reviewed and considered by the CODM at a Group level only.

The Group's subsidiaries previously operated in the Island of Ireland and South Africa. In August 2013, the Group disposed of its South African operations. Accordingly, the South African segment was included under discontinued operations in 2013. The Group disposed of its Education Businesses in June 2014, and accordingly the Island of Ireland Non-Publishing segment is included under discontinued operations.

	Revenue (3rd Party)				**Operating Profit/(Loss) (Before Exceptional Items)**			
	2014 €m	**2014 €m**	2013 €m	2013 €m	**2014 €m**	**2014 €m**	2013 €m	2013 €m
Continuing Operations:								
Island of Ireland - Publishing	**318.7**		322.4		**38.1**		37.4	
Central Costs	-		-		**(4.1)**		(4.7)	
Total - continuing operations		**318.7**		322.4		**34.0**		32.7
Discontinued Operations:								
Island of Ireland- Non-Publishing	**2.9**		7.4		**(0.8)**		(0.7)	
South Africa - Publishing	**-**		95.2		**-**		9.2	
Total - discontinued operations		**2.9**		102.6		**(0.8)**		8.5*
		321.6		425.0		**33.2**		41.2

Notes to the Financial Statements - continued

11. Segmental Reporting - continued

* €8.5m plus discontinued operations share of associates and joint ventures of €0.2m, and discontinued operations net finance income of €0.1m, less discontinued operations taxation charge of €1.5m equals €7.3m of discontinued operating profit (before exceptional items) per the Income Statement.

APN's revenues for the year ended 31 December 2014 were €572.5m (2013: €593.3m) and APN's operating profit before exceptional items for the year ended 31 December 2014 was €88.8m (2013: €94.2m).

	Continuing Operations	
	2014	2013
	€m	€m
Total operating profit before exceptional items	**34.0**	32.7
Operating exceptionals	**(6.4)**	92.1
Share of results of associates and joint ventures (post exceptionals)	**2.2**	1.1
Loss on deemed partial disposal of associates (post exceptionals)	**(16.7)**	-
Net finance (costs)/income (post exceptionals)	**(5.0)**	127.8
Taxation charge (post exceptionals)	**(2.5)**	(38.6)
Profit for the year from continuing operations (post exceptionals)	**5.6**	215.1

	Capital Additions (Property, Plant, Equipment and Intangible Assets)	
	2014	2013
	€m	€m
Other Segment Information		
Continuing Operations:		
Island of Ireland - Publishing	**6.8**	6.9
Central Costs	**0.2**	-
Total - continuing operations	**7.0**	6.9
Discontinued Operations:		
Island of Ireland - Non-Publishing	**-**	0.1
South Africa - Publishing	**-**	0.1
Total - discontinued operations	**-**	0.2
Total	**7.0**	7.1

Notes to the Financial Statements - continued

11. Segmental Reporting - continued

	Depreciation €m	Amortisation €m	Impairment €m	Total €m
2014				
Continuing Operations:				
Island of Ireland - Publishing	3.9	3.0	-	6.9
Central Costs	-	0.1	-	0.1
Total - continuing operations	**3.9**	**3.1**	**-**	**7.0**
Discontinued Operations:				
Island of Ireland - Non-Publishing	0.1	-	-	0.1
South Africa - Publishing	-	-	-	-
Total - discontinued operations	**0.1**	**-**	**-**	**0.1**
Total	**4.0**	**3.1**	**-**	**7.1**
2013				
Continuing Operations:				
Island of Ireland - Publishing	3.7	2.6	-	6.3
Central Costs	-	-	-	-
Total - continuing operations	**3.7**	**2.6**	**–**	**6.3**
Discontinued Operations:				
Island of Ireland - Non-Publishing	0.2	-	-	0.2
South Africa - Publishing	0.3	-	-	0.3
Total - discontinued operations	**0.5**	**-**	**-**	**0.5**
Total	**4.2**	**2.6**	**-**	**6.8**

Third party revenue of €247.1m (2013: €257.1m) relates to Republic of Ireland (including €2.9m relating to the Education Businesses), €74.5m (2013: €72.7m) to Northern Ireland, and €nil (2013: €95.2m) to South Africa. Within non-current assets (excluding deferred tax) of €170.9m (2013: € 188.8m), €69.4m (2013: €69.7m) relates to assets located in the Republic of Ireland, €30.7m (2013: €28.4m) relates to assets located in Northern Ireland, €68.7m of non-current assets relate to the Group's investment in APN (2013: €86.9m), and €2.1m (2013: €3.8m) relates to assets located in other jurisdictions.

12. Profit /(Loss) Dealt with in the Parent Company

A loss of €18.3m (2013: a profit of (€131.1m)) has been dealt with in the financial statements of Independent News & Media PLC, whose Income Statement, as permitted by Section 148(8) of the Companies Act, 1963 is not presented in these financial statements and, as permitted by Section 7(1A) of the Companies (Amendment) Act, 1986, is not filed with the Registrar of Companies.

Notes to the Financial Statements - continued

13. Earnings Per Share

	2014 €m Continuing	**2014 €m Discontinued**	**2014 €m Total**	2013 €m Continuing	2013 €m Discontinued	2013 €m Total
Profit/(loss) attributable to ordinary shareholders						
Profit/(loss) attributable to the equity holders of the Company (basic and diluted)	**5.8**	**(1.3)**	**4.5**	215.3	24.8	240.1
Exceptional items (note 7)	**29.2**	**0.5**	**29.7**	(197.8)	(17.5)	(215.3)
Profit/(loss) before exceptional items attributable to the equity holders of the Company (adjusted)	**35.0**	**(0.8)**	**34.2**	17.5	7.3	24.8

	2014	**2014**	**2014**	2013	2013	2013
Weighted average number of shares						
Weighted average number of shares outstanding during the year (excluding 5,597,077 treasury shares)			**1,386,547,375**			579,981,841
Effect of: Conversion of options	-	-	-	-	-	-
Diluted number of shares			**1,386,547,375**			579,981,841
Basic/Diluted earnings/(loss) per share	**0.4c**	**(0.1c)**	**0.3c**	37.1c	4.3c	41.4c
Basic/Diluted earnings/(loss) per share before exceptional items	**2.5c**	**(0.1c)**	**2.4c**	3.0c	1.3c	4.3c

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to assume conversion of all potential dilutive options over ordinary shares once the adjustment does not reduce a loss per share or increase earnings per share. There are no dilutive potential ordinary shares.

At 31 December 2014, 668,201 options (2013: 936,949) were excluded from the diluted weighted average number of ordinary shares calculation because their consideration is not receivable.

Basic and diluted earnings per share before exceptional items are presented in order to give a better understanding of the Group's underlying financial performance.

Notes to the Financial Statements - continued

14. Intangible Assets

	Mastheads €m	Goodwill €m	Software €m	Total €m
2014				
Group				
Cost				
At 1 January 2014	391.7	18.6	28.7	439.0
Additions	0.4	-	2.1	2.5
Disposals	-	-	(9.0)	(9.0)
Exchange movements	30.2	0.1	0.6	30.9
At 31 December 2014	422.3	18.7	22.4	463.4
Accumulated Amortisation and Impairment				
At 1 January 2014	(373.0)	(3.8)	(17.8)	(394.6)
Disposals	-	-	9.0	9.0
Amortisation*	-	-	(3.1)	(3.1)
Exchange movements	(29.2)	-	(0.5)	(29.7)
At 31 December 2014	(402.2)	(3.8)	(12.4)	(418.4)
Net Book Amount				
At 1 January 2014	18.7	14.8	10.9	44.4
At 31 December 2014	**20.1**	**14.9**	**10.0**	**45.0**

Notes to the Financial Statements - continued

14. Intangible Assets - continued

	Mastheads €m	Goodwill €m	Software €m	Total €m
2014				
Group				
Cost				
At 1 January 2013	475.7	20.9	28.2	524.8
Additions	-	-	4.3	4.3
Reclassification of assets to held for sale	-	(2.3)	-	(2.3)
Disposal of INMSA	(61.6)	-	(3.1)	(64.7)
Exchange movements	(22.4)	-	(0.7)	(23.1)
At 31 December 2013	391.7	18.6	28.7	439.0
Accumulated Amortisation and Impairment				
At 1 January 2013	(382.9)	(3.8)	(16.2)	(402.9)
Disposal of INMSA	-	-	2.4	2.4
Reclassification from property, plant and equipment**	-	-	(1.8)	(1.8)
Amortisation*	-	-	(2.6)	(2.6)
Exchange movements	9.9	-	0.4	10.3
At 31 December 2013	(373.0)	(3.8)	(17.8)	(394.6)
Net Book Amount				
At 1 January 2013	92.8	17.1	12.0	121.9
At 31 December 2013	**18.7**	**14.8**	**10.9**	**44.4**

* Charged to cost of sales.
** Relates to an opening balance reclassification impacting both tangible and intangible assets.

Impairment testing of Cash Generating Units (CGUs) containing Goodwill or other Intangible Assets with an Indefinite Useful Life

The Group tests goodwill and other indefinite life intangible assets for impairment on an annual basis or whenever there is an indication that the intangible assets may be impaired. Goodwill and other indefinite life intangible assets have been allocated as appropriate to the relevant CGUs. The CGUs (Group of CGUs) represent the lowest level at which the related goodwill and intangible assets are monitored for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 (before aggregation). Certain of the Group's intangibles are held centrally as these have arisen as a result of the Group's acquisitions. For the purposes of carrying out impairment reviews at the individual CGU level, these centrally held intangibles are allocated to the relevant CGU which appropriately reflects the history of the acquisition of these intangibles.

This testing involves determining the CGU's value in use and comparing this to the carrying amount of the CGU. Where the value in use exceeds the carrying amount of the CGU, the asset is not impaired, but where the carrying amount exceeds the value in use, an impairment loss is recognised to reduce the carrying amount of the CGU to its value in use. Estimates of value in use are key judgemental estimates in the financial statements. A number of key assumptions have been made as a basis for the impairment tests. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information.

Notes to the Financial Statements - continued

14. Intangible Assets - continued

Impairment testing of Cash Generating Units (CGUs) containing Goodwill or other Intangible Assets with an Indefinite Useful Life - continued

A total of five CGUs (2013: six CGUs) have been identified and these are analysed below:

	Mastheads €m	2014 Goodwill €m	Total €m	2013 Total €m
Island of Ireland - Belfast Publishing (net book amount)	16.0	-	**16.0**	14.6
Island of Ireland - Irish Independent, Sunday Independent and Herald Publishing (net book amount)	-	9.1	**9.1**	9.1
Island of Ireland - Sligo Champion Publishing (net book amount)	0.8	-	**0.8**	0.8
Island of Ireland - Sunday World Publishing (net book amount)	3.3	-	**3.3**	3.3
Island of Ireland - Newspread Publishing (net book amount)	-	5.8	**5.8**	5.7
Island of Ireland - International House (net book amount)	-	-	**-**	2.3
At 31 December 2014	**20.1**	**14.9**	**35.0**	35.8

For the purpose of impairment testing, the pre-tax discount rates applied to these CGUs were 11.8% for assets held in the Republic of Ireland (2013: 12.0%) and 14.2% for assets held in Northern Ireland (2013: 12.5%).

Value in Use Calculations
Where a value in use approach is used to assess the recoverable amount of the CGU, calculations use pre-tax cash flow projections based on financial budgets/projections approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates. A growth rate of 0.5% was used for CGUs located in the Republic of Ireland and a growth rate of 0.0% was applied for CGUs located in the Northern Ireland.

The growth rate does not exceed the estimated long-term average growth rate for the country in which the CGU operates. The key assumptions used in determining the value in use are:

Forecasted cash flows
Forecasted cash flows are based on budgeted EBITDA as adjusted for expenditure necessary to maintain the asset or CGU at its current standard of performance. The budgeted EBITDA results are based on the approved 2015 budget and projections for 2016 to 2019.

Long-term growth rates/terminal multiple
A range of terminal value multiples of between five and six was used (2013: a range of terminal multiples of between five and six) in the value in use calculations.

Notes to the Financial Statements - continued

14. Intangible Assets - continued

Impairment testing of Cash Generating Units (CGUs) containing Goodwill or other Intangible Assets with an Indefinite Useful Life - continued

Discount rates

The discount rate applied to the cash flows of each of the Group's operations is based on the pre-tax risk adjusted Weighted Average Cost of Capital, which is calculated based on the cost of equity and the cost of debt.

Inputs required to calculate the cost of equity include the risk free rate and an adjustment for a risk premium to reflect both the increased risk of investing in equities and the risk of the specific Group operating CGU. In making this adjustment, inputs required include the equity market risk premium (i.e. the increased return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment 'beta' applied to reflect the risk specific to the Group relative to the market as a whole.

The equity market risk premium used in the calculation has been based on credit default spreads and relative volatility of the equity index specific to the region in which the CGU operates. The risk adjusted 'beta' has been based on betas of comparable companies in the newspaper publishing industry.

The cost of debt is calculated based on the margin over the risk free rate and is based on market rates and not specific individual company rates.

Impairments

The foregoing impairment tests did not result in any impairments being recognised for the year ended 2014 (2013: €nil).

Sensitivity

The Group ran sensitivities based on reasonably possible changes in assumptions and these sensitivities would not result in the need to recognise an impairment in 2014.

Intangible Assets - Supplementary Non-IFRS Information

The Balance Sheet reports the carrying amount of newspaper mastheads at their acquired cost (less impairment). Where these assets have been acquired through a business combination, cost will be the fair value in acquisition accounting. The value of internally generated newspaper mastheads or post-acquisition uplifts in value are not permitted to be recognised in the Balance Sheet in accordance with IFRS and, as a result, no values for certain of the Group's internally generated newspaper mastheads (e.g. three of the main Irish titles, the Irish Independent, the Sunday Independent and The Herald) are reflected in the Balance Sheet.

The Directors are of the view that the Group has many other intangible assets which have substantial value that are not reflected on the Group's Balance Sheet. This is because these intangible assets are carried in the Group's Balance Sheet at either a nil value or a value which is much less than their recoverable amount. The Directors are of the view that if these intangible assets were allowed to be carried on the Group's Balance Sheet then the Group's intangible assets would be greater than currently reported.

Company - Impairment of Investments in Subsidiary Undertakings

Impairment charges of €nil have been recorded in respect of the Company's investment in subsidiary undertakings as at 31 December 2014 (2013: €nil). This testing for impairment involves determining the investment's recoverable amount and comparing this to the carrying amount of the investment. If the carrying amount exceeds the recoverable amount an impairment charge is recorded.

Notes to the Financial Statements - continued

15. Property, Plant and Equipment

	Land & Buildings €m	Plant & Equipment €m	Vehicles €m	Total €m
2014				
Group				
Cost				
At 1 January 2014	57.7	145.3	0.6	203.6
Additions	-	4.5	-	4.5
Disposals	(3.0)	(16.3)	(0.2)	(19.5)
Exchange movements	1.4	6.5	-	7.9
At 31 December 2014	56.1	140.0	0.4	196.5
Accumulated Depreciation and Impairment				
At 1 January 2014	(20.3)	(130.2)	(0.5)	(151.0)
Disposals	3.0	16.3	0.2	19.5
Depreciation	(1.0)	(3.0)	-	(4.0)
Exchange movements	(0.5)	(6.7)	-	(7.2)
At 31 December 2014	(18.8)	(123.6)	(0.3)	(142.7)
Net Book Amount				
At 1 January 2014	37.4	15.1	0.1	52.6
At 31 December 2014	**37.3**	**16.4**	**0.1**	**53.8**

For further information regarding impairment considerations relating to Property, Plant and Equipment, see note 14.

Notes to the Financial Statements - continued

15. Property, Plant and Equipment - continued

	Land & Buildings €m	Plant & Equipment €m	Vehicles €m	Total €m
2013				
Group				
Cost				
At 1 January 2013	66.6	179.1	2.3	248.0
Additions	-	2.8	-	2.8
Disposals	-	(0.2)	(0.1)	(0.3)
Disposal of INMSA	(7.0)	(27.4)	(1.3)	(35.7)
Reclassification of assets to held for sale**	-	(1.4)	-	(1.4)
Exchange movements	(1.9)	(7.6)	(0.3)	(9.8)
At 31 December 2013	57.7	145.3	0.6	203.6
Accumulated Depreciation and Impairment				
At 1 January 2013	(20.2)	(162.5)	(1.6)	(184.3)
Disposals	-	0.2	0.1	0.3
Disposal of INMSA	1.9	23.9	0.9	26.7
Depreciation	(0.8)	(3.3)	(0.1)	(4.2)
Reclassification to intangible assets*	(1.7)	3.5	-	1.8
Reclassification of assets to held for sale**	-	0.9	-	0.9
Exchange movements	0.5	7.1	0.2	7.8
At 31 December 2013	(20.3)	(130.2)	(0.5)	(151.0)
Net Book Amount				
At 1 January 2013	46.4	16.6	0.7	63.7
At 31 December 2013	**37.4**	**15.1**	**0.1**	**52.6**

* Relates to a balance sheet reclassification impacting both tangible and intangible assets.
** Relates to the Education businesses which were held for sale as at 31 December 2013.

(i) No finance costs were capitalised within plant and equipment during 2014 or 2013.

(ii) Certain of the Group's Bank Facilities benefit from fixed and floating charges over certain assets held by material subsidiaries, as defined in the Bank Facilities. Included in property, plant and equipment at 31 December 2014 are assets with a net book value of €53.4m (2013: €52.3m) subject to such charges.

Notes to the Financial Statements - continued

16. Investments in Associates and Joint Ventures

	2014 €m	2013 €m
Associates		
At 1 January	**87.0**	105.0
Purchases of/advances to associates	**0.1**	0.2
Disposal (note 28)	**-**	(1.4)
Share of results*	**1.1**	0.4
Arising on transactions with associates non-controlling interest**	**(8.1)**	-
Deemed partial disposal ***	**(14.9)**	-
Share of other comprehensive income of associates	**0.1**	1.5
Exchange movements	**3.8**	(18.7)
At 31 December******	**69.1**	87.0

	2014 €m	2013 €m
Joint Ventures		
At 1 January	**0.2**	0.6
Purchases of/advances to joint ventures	**0.5**	0.1
Impairment of joint ventures (note 7)	**(0.6)**	-
Share of results*	**1.1**	0.9
Dividends	**(0.5)**	(1.4)
At 31 December	**0.7**	0.2

* In 2013, share of results of associates and joint ventures of €1.1m as shown in the Income Statement, plus share of results of associates and joint ventures within discontinued operations of €0.2m, gives the total share of results of associates and joint ventures of €1.3m.
** See note 27 for further information.
*** Relates to the deemed partial disposal of APN. A further €1.8m was reclassified from foreign currency translation reserves giving a loss on deemed disposal of associates in the Group Income Statement of €16.7m.
**** The closing balance primarily relates to the Group's 18.61% (2013: 28.95%) investment in APN. See note 8 for details of the carrying value and impairment assessment relating to the Group's investment in APN.

(i) Carrying Amount

	2014 €m	2013 €m
Associates*****	**69.1**	87.0
Joint Ventures	**0.7**	0.2
	69.8	87.2

The reporting year end dates of the Group's associates and joint ventures are the same as the Group's reporting year end date.

***** Of the €69.1m in 2014, €68.7m relates to APN and €0.4m to Other. Of the €87.0m in 2013, €86.9m relates to APN and €0.1m to Other.

Notes to the Financial Statements - continued

16. Investments in Associates and Joint Ventures - continued

(ii) ***Associates***

Summarised financial information in respect of the Group's associates is set out below:

	2014 €m	2013 €m
Percentage ownership interest	**18.61%**	28.95%
Group		
Current assets	**124.8**	180.3
Non-current assets	**636.9**	632.1
Current liabilities	**(89.1)**	(164.2)
Non-current liabilities	**(354.1)**	(252.9)
Net Assets (100%)	**318.5**	395.3
Non-controlling interest	**(23.6)**	(160.9)
Parent entity interest	**294.9**	234.4
Group's share	**54.9**	67.9
Goodwill	**14.2**	19.1
Group's carrying amount of associates (including goodwill arising on acquisition)	**69.1**	87.0
Revenue	**572.5**	593.3
Profit from continuing operations	**11.3**	55.2
Post tax profit/(loss) from discontinued operations	**1.7**	(35.7)
Other comprehensive (expense)/income	**(1.8)**	16.0
Minority interest	**(5.0)**	(28.8)
Total comprehensive income	**6.2**	6.7
Group's share of associates' total comprehensive income	**1.2**	1.9
Group's share of associates' revenues	**106.5**	171.8

The amounts in the above table, with the exception of the amounts in the line referring to the Group's carrying amount of associates (including goodwill arising on acquisition), relate solely to APN. The Group holds an 18.61% shareholding (2013: 28.95%) in APN, an ASX listed publishing and radio network operating entity that operates mainly in Australia and New Zealand. The investment is accounted for using the equity method.

Even though the Group held less than 20% of the voting rights of APN at 31 December 2014, it is judged that the Group had significant influence over APN throughout 2014, as during the year Paul Connolly was a director of both INM and APN, and Vincent Crowley (former Group Chief Executive Officer of INM) was a director of APN. Please see note 39 for details of APN disposal post year end.

The market value of the Group's interests in associates, which are stock exchange quoted as at 31 December 2014, was €107.9m (2013: €55.8m), all of which relates to APN (see note 8 for further information).

Notes to the Financial Statements - continued

16. Investments in Associates and Joint Ventures - continued

(iii) Joint Ventures

The Group's significant joint ventures are listed in note 36 to the financial statements. Summarised financial information in respect of the Group's share of its joint ventures is set out below:

	2014 €m	2013 €m
Group		
Current assets	**4.3**	3.1
Non-current assets	**1.6**	1.7
Current liabilities	**(4.6)**	(4.4)
Non-current liabilities	**-**	-
Net Assets (100%)	**1.3**	0.4
Group's share	**0.7**	0.2
Group's carrying amount of joint ventures (including goodwill arising on acquisition)	**0.7**	0.2
Revenue	**25.6**	27.9
Profit from continuing operations	**2.8**	1.5
Total comprehensive income	**2.8**	1.5
Group's share of joint ventures' total comprehensive income	**1.1**	0.9
Group's share of joint ventures' revenues	**12.3**	13.4

17. Available -for-Sale Financial Assets

	€m
Group	
At 1 January 2013	2.9
Fair value movement (recognised in other comprehensive income)	(0.1)
Disposal of South African business	(0.1)
At 31 December 2013	**2.7**
Additions	0.1
Fair value movement (recognised in other comprehensive income)	(0.5)
At 31 December 2014	**2.3**

The investments included above represent investments in listed and unlisted equity securities. The fair values are based on quoted market prices where available.

Certain of the Group's available-for-sale financial assets comprise of equity instruments that do not have a quoted market price in an active market. Unquoted available-for-sale financial assets are measured using valuation techniques based on discounted cash flows. The carrying amount of such investments amounts to €1.1m at 31 December 2014 (2013: €1.1m).

Notes to the Financial Statements - continued

18. Derivative Financial Instruments

	Assets €m	Liabilities €m
2014		
Group		
Forward foreign exchange contracts	**-**	-
	-	-
2013		
Group		
Forward foreign exchange contracts	**0.4**	-
	0.4	-
Analysed as:		
Current	**0.4**	-

Forward foreign exchange contracts

At year-end 2014, the Group had forward purchased STG£9m against Euro for settlement during 2015. The Group booked a €40k gain on this transaction at year-end 2014.

19. Inventories

	2014 €m	2013 €m
Group		
Raw materials	**1.5**	1.6
Work in progress	**-**	-
Finished goods	**1.8**	1.4
	3.3	3.0

The amount of inventories recognised as an expense in 2014 was €23.3m (2013: €22.6m) which is included in cost of sales.

Notes to the Financial Statements - continued

20. Trade and Other Receivables

	2014 €m	2013 €m
Group		
Current		
Trade receivables	**24.1**	24.9
Impairment of trade receivables	**(2.8)**	(2.7)
Trade balances owed by joint ventures	**1.1**	0.9
Trade balances owed by associates	**0.1**	0.4
Prepayments	**2.2**	2.2
Value added tax recoverable	**0.1**	0.2
	24.8	25.9
Non-Current		
Loans to joint ventures	**-**	0.3
Other	**-**	1.6
	-	1.9

Loans to associates and joint ventures include an impairment of €Nil (2013: €0.1m).

The above balance in 2013 excluded trade and other receivables for the Education businesses of €0.6m held for sale (note 28).

	€m	€m
Company		
Current		
Loans owed by subsidiary undertakings	**262.7**	254.7

Loans owed by subsidiary undertakings include a net impairment reversal of €0.3m booked in 2013.

Notes to the Financial Statements - continued

21. Trade and Other Payables

	2014 €m	2013 €m
Group		
Current		
Trade payables	**20.3**	22.1
Trade balances owed to joint ventures	**1.6**	1.4
Payables for taxation and social welfare	**5.1**	4.4
Deferred income	**0.1**	-
Accrued liabilities	**18.1**	20.0
	45.2	47.9
Payables for taxation and social welfare included above are as follows:		
Income tax deducted under PAYE	**1.3**	1.1
Other income tax deducted at source	**0.4**	0.4
Pay related social insurance	**1.0**	0.7
Value Added Tax payable	**2.4**	2.2
	5.1	4.4

	2014 €m	2013 €m
Company		
Current		
Loans owed to subsidiary undertakings	**541.1**	537.6
Payables for taxation and social welfare	**0.1**	0.1
Accrued liabilities	**0.5**	1.6
	541.7	539.3
Payables for taxation and social welfare included above are as follows:		
Income tax deducted under PAYE	**0.1**	0.1

The above balance in 2013 excludes trade and other payables of €2.6m for the Education businesses held for sale (note 28).

Notes to the Financial Statements - continued

22. Provisions

	Onerous contracts and Restructuring Provision €m	Other Provisions €m	Total €m
Group			
At 1 January 2014	17.6	7.9	25.5
Provisions made during the year	5.8	5.9	11.7
Reversed during year	(4.3)	-	(4.3)
Utilised during year	(11.0)	(4.5)	(15.5)
Exchange movements	0.7	0.1	0.8
At 31 December 2014	**8.8**	**9.4**	**18.2**

	2014 €m	2013 €m
Analysis of total provisions:		
Current provisions	**17.6**	21.1
Non-current provisions	**0.6**	4.4
	18.2	25.5

The Onerous Contracts and Restructuring provision primarily comprises obligations in relation to a number of restructuring projects and to a number of property leases and other onerous trading contractual arrangements from which the Group no longer derives economic benefit.

These obligations (which total €8.8m as at 31 December 2014) will expire as follows:

2015	2016	2017	2018 and beyond
€8.2m	€0.1m	€0.1m	€0.4m

There is relative certainty around timing and amounts due to the fact that they represent contractual obligations of the Group. The Group's obligations in respect of onerous contracts and the expected timing of payment are also reflected in the liquidity analysis included in note 32.

Other provisions at 31 December 2014 and 31 December 2013 primarily include provisions for libel. A certain level of uncertainty exists around the timing and the amount, recognising the nature of libel provisioning.

Notes to the Financial Statements - continued

23. Analysis of Deferred Taxation Balances

	Capital Allowances €m	Retirement Benefit Obligations €m	Tax Losses €m	Arising on Intangible Assets €m	Other €m	Total €m
Group						
At 1 January 2013	15.3	27.8	16.5	(0.7)	2.6	61.5
(Charge)/credit to Income Statement	(7.0)	(16.2)	(15.2)	0.7	(0.9)	(38.6)
Disposal of subsidiary	0.4	(5.4)	-	-	(3.0)	(8.0)
Recognised in other comprehensive income*	-	1.2	-	-	-	1.2
Exchange movements	(0.5)	(1.0)	(0.7)	-	(0.1)	(2.3)
At 31 December 2013	**8.2**	**6.4**	**0.6**	**-**	**(1.4)**	**13.8**
(Charge)/credit to Income Statement	(1.6)	(1.1)	0.6	-	-	(2.1)
Recognised in other comprehensive income*	-	5.0	-	-	-	5.0
Exchange movements	0.7	-	0.1	-	-	0.8
At 31 December 2014	**7.3**	**10.3**	**1.3**	**-**	**(1.4)**	**17.5**

* Tax effect of remeasurement losses on retirement benefits.

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income in the relevant tax jurisdiction. The Group has tax losses, capital allowances, and tax credits in relation to retirement benefit obligations available that have the potential to reduce tax payments in future years. Deferred tax assets have been recognised in relation to these to the extent that their recovery is probable having regard to the projected future taxable profits of the relevant companies. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the asset is realised or the liability settled, based on tax rates and tax laws substantively enacted at the Balance Sheet date.

The net deferred tax asset at 31 December 2014 was €17.5m and the Group estimates that the majority of this will be settled/recovered more than 12 months after the Balance Sheet date.

The above net deferred tax balance is reflected in the Balance Sheet as follows:

	2014 €m	2013 €m
Deferred taxation assets	**21.7**	17.9
Deferred taxation liabilities	**(4.2)**	(4.1)
	17.5	13.8

Notes to the Financial Statements - continued

23. Analysis of Deferred Taxation Balances - continued

Analysis of deferred taxation assets

		2014 €m	2013 €m
Retirement benefit obligations - defined benefit schemes		**9.6**	6.4
Retirement benefit obligations - defined contribution schemes	(i)	**0.7**	-
Capital allowances	(ii)	**10.1**	10.9
Tax losses	(ii)	**1.3**	0.6
		21.7	17.9

Analysis of deferred taxation liabilities:

	2014 €m	2013 €m
Capital allowances	**(2.8)**	(2.7)
Other	**(1.4)**	(1.4)
	(4.2)	(4.1)

The increase of €3.7m in the Group's net deferred tax asset during the year primarily relates to the deferred tax asset movement on retirement benefit obligations remeasurement losses.

(i) Some employees transferred their defined benefit entitlements to the Company's defined contribution plan during the year. The transfer resulted in a €5.8m (2013: €nil) increase in the pension liability under the defined contribution scheme and the creation of a related deferred tax asset of €0.7m (2013: €nil).

(ii) The Directors have estimated the recoverability of the Group's deferred tax assets on losses and capital allowances based on their current assessment of the availability of future taxable profits against which to utilise the deferred tax assets. The Directors determine that capital allowances and losses should be available to shelter a significant portion of the projected profit in the future periods. The Group recognised deferred tax assets projected to be realised in the timescale within which the Group believes that it can assess the likelihood of its profits arising as being more likely than not. The deferred tax assets recognised represent approximately seven years of taxable profits in the relevant entities.

The Group has unrecognised tax losses as at 31 December 2014 of €281.6m (2013: €271.1m) which have a tax value of €50.8m (2013: €48.7m). In addition the Group has unrecognised available capital allowances as at 31 December 2014 of €28.9m (2013: €26.4m) which have a tax value of €5.8m (2013: €5.3m). There is no expiry date applicable to these unrecognised tax losses or available capital allowances. In Northern Ireland, the Group has an unrecognised benefit from future retirement benefits of €24.3m (2013: €9.8m) which has a tax value of €4.9m (2013: €1.9m).
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax has not been recognised for withholding and other taxes that may be payable on the unremitted earnings of certain subsidiaries, associates and joint ventures, as the timing of the reversal of these temporary differences is controlled by the Group and it is probable that these temporary differences will not reverse in the foreseeable future.
As at 31 December 2014, no unremitted earnings were available in the Group which could have been repatriated to Ireland, which would have given rise to such a deferred tax liability.

Notes to the Financial Statements - continued

24. Borrowings

	2014 Loans & Overdrafts €m	2013 Loans & Overdrafts €m
Group		
Repayable as follows:		
Between one and two years	**12.3**	5.2
Between two and five years	**97.9**	113.3
Total due after one year	**110.2**	118.5
Due within one year or on demand:		
- Loans*	**15.3**	11.2
- Bank overdrafts	**-**	-
Total borrowings	**125.5**	129.7
Split of total borrowings between:		
- Secured	**125.5**	129.7
- Unsecured	**-**	-
Total borrowings	**125.5**	129.7
Cash and cash equivalents**	**(26.2)**	(24.4)
Restricted cash (note 28)	**(10.0)**	(10.0)
Net debt	**89.3**	95.3

* In 2014, this amount comprises mainly €10.0m (see note 39 for further information) of escrow debt and €5.0m of bank repayments due in 2015. In 2013, mainly €10.0m of escrow debt and €1.0m of Anti-dilution debt.

** Excludes restricted cash of €10.0m held in Escrow in respect of warranties following the sale of the South African business (€10.0m shown as restricted cash above) (note 28).

The following is included in Loans & Overdrafts:
€124.9m (2013: €129.0m) drawn under the 2013 Bank Facilities*** repayable up to April 2018.

Notes to the Financial Statements - continued

24. Borrowings - continued

Undrawn Facilities

The Group has various borrowing facilities available to it. The undrawn facilities available to it at the year end in respect of which all conditions precedent have been met at that date were as follows:

	2014 €m	2013 €m
Expiring in less than one year	-	-
Expiring in more than one but less than two years	-	-
Expiring in more than two years	7.4	10.0
	7.4	10.0

*** As in the prior year certain material subsidiaries in the Group, as defined in the Bank Facilities, have granted fixed and floating charges over certain Group assets in connection with the 2013 Bank Facilities. An Intercreditor Agreement also exists in relation to these facilities. This agreement provides that, in a liquidation situation, all intergroup debt within those companies which have signed up to the agreement is subordinated to the Bank Facilities until such time as this debt has been discharged in full.
All subsidiaries with material intergroup debt within the Group have signed up to this Intercreditor Agreement.

25. Share Capital and Share Premium

	2014 €m	2013 €m
Group and Company		
Authorised:		
7,000,000,000 ordinary shares of €0.01 each	70.0	70.0
556,015,358 deferred shares of €0.34 each	-	189.0
	70.0	259.0
Issued and fully paid:		
1,392,144,452 ordinary shares of €0.01 each	13.9	13.9
556,015,358 deferred shares of €0.34 each	-	189.0
	13.9	202.9

During 2014, the Company acquired all of the 550,418,281 Deferred Shares of €0.34 each in the capital of the Company in issue (that is, excluding the Deferred Shares held in treasury) otherwise than for valuable consideration, cancelled such Deferred Shares and reduced the amount of the Company's share capital by the nominal value of the Deferred Shares so acquired. The Company also cancelled the 5,597,077 Deferred Shares of €0.34 each held in treasury by the Company.

In 2014, the Company booked a €0.4m credit to share premium in relation to the reversal of capital raise costs.
The closing balance for share premium as at 31 December 2014 has therefore increased to €767.0m from €766.6m as at 31 December 2013.

Notes to the Financial Statements - continued

25. Share Capital and Share Premium - continued

The movement in the number of issued and fully paid ordinary shares during 2013 was as follows:

	Number of Shares	Nominal Value €	Share Capital €m	Share Premium €m
Group and Company				
At 1 January 2013	556,015,358	0.35	194.6	576.7
Share Capital Reorganisation:				
- 556,015,358 ordinary shares of €0.01 each	556,015,358	0.01	5.6	576.7
- 556,015,358 deferred shares of €0.34 each	556,015,358	0.34	189.0	-
Firm Placing and Placing and Open Offer				
Share Issue (net of expenses)	614,285,714	0.01	6.1	34.5
Employee Benefit Trust Share Issue	69,325,392	0.01	0.7	4.2
Lender Share Issue (Debt Equitisation)	152,517,988	0.01	1.5	9.2
Lender Debt Reduction	-	-	-	142.0
At 31 December 2013:				
- 1,392,144,452 ordinary shares of €0.01 each	**1,392,144,452**	**0.01**	**13.9**	**766.6**
- 556,015,358 deferred shares of €0.34 each	**556,015,358**	**0.34**	**189.0**	**-**
			202.9	**766.6**

Share Capital Reorganisation

On 17 June 2013, the Company undertook a Share Capital Reorganisation involving a sub-division of the share capital in order to ensure that the Group was in a position to issue new ordinary shares as part of the Group's Debt Restructuring.

The new nominal value of the ordinary shares is €0.01 (previously €0.35) and deferred shares of nominal value of €0.34 were also created. This resulted in the authorised share capital being amended to include 7,000,000,000 ordinary shares of €0.01 and 565,015,358 deferred shares of €0.34 each, and the issued share capital being amended to include €5.6m in relation to 556,015,358 ordinary shares of €0.01 each and €189.0m in relation to 556,015,358 deferred shares of €0.34 each. The deferred shares had no significant rights and have no, or negligible, economic value.

Each ordinary share of nominal value €0.01 ('Ordinary Shares') has the same rights (except as to nominal value) as the previous ordinary shares of nominal value €0.35. There was no change in the number of Ordinary Shares in issue as a result of the Share Capital Reorganisation. The Share Capital Reorganisation did not have any effect on the Company's net assets. Each Shareholder's proportionate interest in the Company's issued share capital remained unchanged.

Notes to the Financial Statements - continued

25. Share Capital and Share Premium - continued

Share issues

As part of the Group's refinancing in 2013, a total of 836,129,094 new Ordinary Shares were issued during the year as follows:

(a) *Firm Placing and Placing and Open Offer*
On 18 December 2013, 614,285,714 new Ordinary Shares were issued by way of firm placing and placing and open offer at €0.07 per share to raise gross proceeds of €43.0m representing the final capital raise stage in the agreed Restructuring of the Group's debt.

(b) *Employee Benefit Trust*
On the same date, a further 69,325,392 new Ordinary Shares, representing 5% of the enlarged issued share capital of the Group, were issued to the trustees of a new Employee Benefit Trust, which was approved by shareholders at the AGM held on 5 September 2013. The objective was to partially compensate employees and former employees of the Group whose pension entitlements had been significantly reduced as a result of the restructuring of certain of the Group's Defined Benefit Pension Schemes.

(c) *Lender Share Issue*
On 23 December 2013, following the successful completion of the Capital Raise as outlined above, the Group issued 152,517,988 new Ordinary Shares to the Lenders representing €10.7m in value at the capital raise share issue price. The shares were issued in exchange for a reduction in the Group's borrowings to €118.0m in core debt, in addition to other facilities and credit lines. This resulted in €142.0m of a debt reduction (net of capitalised interest written off), that was recognised as an exceptional finance gain in the Group's Income Statement. This gain was subsequently transferred to share premium under the terms of the restructuring agreement, such that the aggregate subscription price for the issue of the Capital Raise Lender Shares should be inclusive of the amount of the debt reduction.

Of the ordinary issued shares as at 31 December 2014, the Company holds in treasury 5,597,077 (2013: 5,597,077). The cost has been deducted from retained earnings.

Notes to the Financial Statements - continued

26. Share Based Payment

The Company operates the following share based schemes which provides for the grant of share options:
(a) INM Employee Share Scheme 2008; and
(b) INM Long Term Incentive Plan 2014.

(a) INM Employee Share Scheme 2008

Eligibility was restricted to certain employees who agreed to amend the terms and conditions of their employment to provide for a permanent reduction in salary (effective 1 January 2009). No option is exercisable more than ten years from the date it was granted (23 January 2009). No other performance conditions attach to these options.

The following table shows the number of options outstanding under the INM Employee Share Scheme 2008 as at 31 December 2014:

	2014 Number of share options	**Weighted average exercise price**
Outstanding at the beginning of the year	936,949	€2.664
Forfeited/cancelled/lapsed during the year	(268,748)	€6.003
Outstanding at the end of the year	668,201	€1.321

No options have been exercised under this Plan to date. The options outstanding at 31 December 2014 are exercisable at € 1.321.

(b) INM Long Term Incentive Plan 2014

In June 2014, the Remuneration Committee proposed the introduction of a new share option scheme and this was approved by the shareholders at the AGM on 6 June 2014. No options were granted under the Plan in 2014.
Full details of the Plan are set out in the Report of the Remuneration Committee.

The Group recognised total expenses of €nil (2013: €nil) related to equity-settled share based payment transactions.
Expected volatility is based on the weighted average historic volatility over a period equal to the weighted average expected life.
The market price of Ordinary Shares of €0.01 each was €0.135 at 31 December 2014 and ranged from €0.115 to €0.182 during the year.
Based on the current share price it is unlikely that the remaining share options will ever become exercisable.

Notes to the Financial Statements - continued

27. Acquisitions and Disposals

(i) ***Transactions within Equity***
2014 - the €8.1m movement in the Group Statement of Changes in Equity, described as arising within associates - transactions with associate's non-controlling interests, relates to the Group's share of the premium paid on its associate's acquisition of non-controlling interests.

(ii) ***Deemed Partial Disposal Loss Arising on Reduction in Ownership Interest***
2014 - The Group recorded a €16.7m (of which €14.9m impacted the carrying amount of investments in associates and joint ventures with the balance of €1.8m impacting foreign currency translation reserves) non-cash deemed partial disposal loss arising from the Group's non-participation in APN's equity issue in 2014. The Group's non-participation in APN's equity issue resulted in INM's shareholding in APN being reduced to 18.61% from 28.95%.

28. Discontinued Operations

(a) ***Education Businesses***
As at 31 December 2013, the assets and liabilities of the Education Businesses were presented as held for sale. In June 2014, the Group's Education Businesses were sold. Accordingly, the Group's Education Businesses are presented as a discontinued operation. The loss on the disposal of the Education Businesses was €0.5m as outlined below. The Education Businesses are reported as the Island of Ireland - Non-Publishing segment.

Effects of the disposal of the Education businesses on the Group:

	Education businesses 2014 €m
Consideration received	**0.6**
Less:	
Intangible assets	**(2.2)**
Property, plant and equipment	**(0.4)**
Trade and other receivables	**(2.0)**
Cash and cash equivalents	**(0.1)**
Trade and other payables	**4.5**
	0.4
Costs of disposal	**(0.9)**
Loss on disposal*	**(0.5)**

* No tax charge arose on the disposal.

Notes to the Financial Statements - continued

28. Discontinued Operations - continued

(b) *South Africa*

In August 2013, the Group's South African business was sold. Accordingly, the South African results are presented as a discontinued operation in the prior year Group Income Statement and OCI. The proceeds on disposal below of €150.7m include €10.0m of cash held in escrow (see note 39 for further details). This amount is classified as restricted cash in the Group Balance Sheet. The profit on disposal of the South African business was €28.0m as outlined in the table below.

Effects of the disposal of South African business on the Group:

	South African business 2013 €m
Consideration received	150.7
Less:	
Intangible assets	(62.3)
Property, plant and equipment	(9.0)
Investments in associates and joint ventures	(1.4)
Deferred tax assets	(8.0)
Available for sale financial assets	(0.1)
Inventories	(1.2)
Trade and other receivables	(17.0)
Current income tax assets	(0.9)
Trade and other payables	23.4
Borrowings	0.3
Provisions	2.3
Retirement benefit obligations	18.6
Cash and cash equivalents disposed of	(9.9)
Non-controlling interest	0.3
	85.8
Currency translation reserve	(51.6)
Costs of disposal	(6.2)
Profit on disposal*	28.0

* No tax charge arose on the disposal.

Notes to the Financial Statements - continued

28. Discontinued Operations - continued

(c) Results of discontinued operations

	2014 South Africa €m	**2014 Education Businesses €m**	**2014 Total €m**	2013 South Africa €m	2013 Education Businesses €m	2013 Total €m
Revenue	**-**	**2.9**	**2.9**	95.2	7.4	102.6
Expenses	**-**	**(3.7)**	**(3.7)**	(86.0)	(8.1)	(94.1)
Net Interest receivable/(payable)	**-**	**-**	**-**	0.2	(0.1)	0.1
Share of associated companies post tax results	**-**	**-**	**-**	0.2	-	0.2
Results from operating activities*	**-**	**(0.8)**	**(0.8)**	9.6	(0.8)	8.8
Taxation charge	**-**	**-**	**-**	(1.5)	-	(1.5)
Results from operating activities, net of tax	**-**	**(0.8)**	**(0.8)**	8.1	(0.8)	7.3
(Loss)/gain on sale of discontinued operation	**-**	**(0.5)**	**(0.5)**	28.0	(0.4)	27.6
Exceptional items (net of exceptional tax)	**-**	**-**	**-**	(10.1)	-	(10.1)
Results of discontinued operations - post exceptional items	**-**	**(1.3)**	**(1.3)**	26.0	(1.2)	24.8
Discontinued operations - (Loss)/earnings per ordinary share (cent) - Basic and diluted			**(0.1c)**			4.3c

* Results for the Education businesses for 2014 relate to the period from 1 January 2014 to the date of disposal in June 2014. Results for the South African business for 2013 relate to the period from 1 January 2013 to the date of sale in August 2013 at an average EUR: ZAR exchange rate of 12.3011.

Of the loss from discontinued operations of €1.3m (2013: profit of €24.8m), all (same 2013) is attributable to the owners of the Company.

Of the profit from continuing operations of €5.6m (2013: €215.1m), €5.8m (2013: €215.3m) is attributable to the owners of the Company.

Notes to the Financial Statements - continued

28. Discontinued Operations - continued

(d) Cash flows (used in)/generated from discontinued operations:

	2014 South Africa €m	2014 Education Businesses €m	2014 Total €m	2013 South Africa €m	2013 Education Businesses €m	2013 Total €m
Net cash (used in)/ generated from operating activities	-	(0.3)	(0.3)	10.4	(0.7)	9.7
Net cash generated by/(used in) investing activities	-	-	-	0.1	(0.1)	-
Net cash used in financing activities	-	-	-	-	-	-
Net cash (used in)/ generated from discontinued operations	-	(0.3)	(0.3)	10.5	(0.8)	9.7

29. Cash and Cash Equivalents

	2014 €m	2013 €m
Group		
Cash at bank and in hand	11.6	8.8
Short term deposits	14.6	15.6
	26.2	24.4

Cash and cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2014 €m	2013 €m
Cash and cash equivalents*	26.2	24.4
Bank overdrafts	-	-
	26.2	24.4

* Net of bank overdrafts where a legal right of set-off exists.

	2014 €m	2013 €m
Company		
Cash at bank and in hand	3.8	5.4
Short term deposits	13.9	15.0
	17.7	20.4

Cash and cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2014 €m	2013 €m
Cash and cash equivalents	17.7	20.4

Notes to the Financial Statements - continued

30. Capital Commitments

	2014 €m	2013 €m
Group and share of joint ventures and associates		
Contracted but not provided for:		
- Group	-	-
- Associates	0.2	-
Authorised by Directors but not contracted for:		
- Group	-	-
- Associates	-	-
At end of year	0.2	-

31. Operating Lease Commitments

The Group operating lease commitments primarily comprise obligations in relation to a number of property leases, in addition to other onerous trading contractual arrangements from which the Group no longer derives economic benefit.

(i) Future minimum lease payments

At the Balance Sheet date, the Group has outstanding commitments under non-cancellable operating leases which fall due as follows:

	2014 €m	2013 €m
No later than one year	4.1	7.5
Later than one and no later than five years	8.1	10.2
Later than five years	16.9	3.4
	29.1	21.1

The 2013 balance above included operating lease commitments for the Education Businesses of €2.3m held for sale.

(ii) Amounts recognised in profit or loss (continuing operations)

	2014 €m	2013 €m
Lease expense	2.8	3.2
Sublease income	-	-

Notes to the Financial Statements - continued

32. Financial Risk and Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern (as disclosed in note 1), to comply with the financial covenants under the Group's Bank Facilities and to maintain an optimal capital structure which maximises the return to shareholders while reducing the cost of capital.

The Group monitors capital on the basis of the Net Debt to adjusted EBITDA* ratio. Net debt consists of borrowings (as disclosed in note 24), net of cash and cash equivalents (as disclosed in note 29) and restricted cash of €10.0m held in escrow (note 28).

The Net Debt to adjusted EBITDA* ratios at 31 December 2014 and 31 December 2013 were as follows:

	2014 €m	2013 €m
Borrowings (note 24)	**125.5**	129.7
Restricted cash	**(10.0)**	(10.0)
Cash and cash equivalents	**(26.2)**	(24.4)
Net Debt	**89.3**	95.3
Adjusted EBITDA*	**41.1**	39.0
Net Debt/ Adjusted EBITDA* ratio	**2.2x**	2.4x

* Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation, before exceptional items, of continuing operations.

2014 adjusted EBITDA comprises operating profit before exceptionals of €34.0m plus depreciation/amortisation of €7.1m. 2013 adjusted EBITDA comprises operating profit before exceptionals of €32.7m plus depreciation/amortisation of €6.3m.

The Group's Bank Facilities, which were entered into in 2013, based upon a five year maturity extending into 2018, include cashflow cover, interest cover, leverage and capital expenditure covenants as calculated under the Bank Facilities. Non-compliance with financial covenants would give the relevant lenders the right to terminate facilities and demand early repayment of any sums drawn thereunder, thus altering the maturity profile of the Group's debt and the Group's liquidity, unless an amendment or waiver is granted in advance by the lenders.

The Bank Facilities contain a number of clauses in relation to the operations of the Group which are typical for a debt facility of this type, including the following:

- restrictions on the payment of dividends, buy-back of shares and to otherwise make changes to the Company's share capital;
- undertakings regarding the incurrence of further indebtedness and the granting of loans, guarantees or security interests other than those contemplated in the Agreement;
- undertakings regarding permitted capital expenditure, permitted acquisitions and permitted asset disposals; and
- obligations to apply the proceeds from permitted asset disposals towards the repayment of debt outstanding under the Facilities.

No final dividend will be paid in respect of the year ended 31 December 2014.

Notes to the Financial Statements - continued

32. Financial Risk and Capital Management - continued

Financial Risk Management

The Group's financial risks are managed by Group Treasury within parameters defined formally by the Board. Group Treasury's activity is reported to the Audit Committee and to the Board. The main financial risks faced by the Group relate to credit, interest, foreign exchange translation and liquidity. The Board agrees policies for managing these risks as summarised below.

Financial instruments, including derivatives, are permitted to be used to manage financial risk arising from the Group's operations.

Credit Risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and trade and other receivables. The Board establishes the policy which Group Treasury follows in managing credit risk. Exposure is managed by distributing the credit risk, where possible, across banks or other institutions meeting required standards as assessed normally by reference to the major credit rating agencies. The Group held cash and cash equivalents of €26.2m at 31 December 2014 (2013: €24.4m). The cash and cash equivalents are held with bank and financial institution counterparties, of which €20.8m are rated BBB, €4.2m are rated A- and €1.2m are rated A, based on rating agency, Fitch's, ratings. Deals are authorised only with banks with which dealing mandates have been agreed. These policies are regularly monitored to ensure credit exposure to any one financial institution is limited.

The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account financial position, past experience and other factors.
The utilisation of credit limits is regularly monitored. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers. The maximum exposure to the top five receivables in any of the Group's geographical segments does not exceed €4.9m and the credit quality of such debtors in each case is good based on previous payment history. Average credit terms, where given, range from 15 days to 45 days.

Included in the Group's trade and other receivables as at 31 December 2014 are balances of €7.0m (2013: €6.3m) which are past due at the reporting date but not impaired in the majority of cases. The aged analysis of these balances is as follows:

	2014	2013
	€m	€m
Less than 1 month	**4.9**	4.0
1 - 3 months	**1.8**	1.6
3 - 6 months	**0.1**	0.1
Over 6 months	**0.2**	0.6
	7.0	6.3

Notes to the Financial Statements - continued

32. Financial Risk and Capital Management - continued

Credit Risk - continued

The Group's policy for the determination of the provision for bad debts is based on a line-by-line assessment of the credit risk attached to the individual debtors and an assessment of the resulting requirement for a provision for impairment. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable, including any indicators for impairment (which may include evidence of financial difficulty of the customer, payment default, breach of contract, etc.) and any collateral held, which in certain limited cases exists in the form of deposits, bank guarantees, sureties and agency security totalling €2.4m (2013: €2.3m). Amounts charged to the impairment provision are written off when there is no expectation of recovery. Subsequent recoveries of amounts previously written off are credited to the Income Statement. For the purpose of calculating the impairment provision, the Group does not take into account the impact of discounting the trade receivables as it is considered not material given the age profile of the Group's trade receivable balances.

Movements in the provision for impairment of trade receivables during the year were as follows:

	2014 **€m**	2013 €m
At 1 January	**2.7**	6.0
Provision for impairment recognised in year	**0.7**	0.6
Amounts recovered during the year	**(0.2)**	-
Amounts written off during the year	**(0.4)**	(0.9)
Disposal of INMSA	**-**	(2.8)
Reclassified to held for sale	**-**	(0.2)
Exchange movements	**-**	-
At 31 December (note 20)	**2.8**	2.7

The Group's other classes of financial assets do not contain impaired assets and are not past due other than the impairment charges included in notes 17 and 20. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates. Based on the credit history of these other assets, it is expected that these amounts will be received when due. The Group's maximum exposure to credit risk in relation to financial assets (i.e. financial assets excluding available-for-sale financial assets, prepayments and restricted cash) is €48.8m (2013: €61.3m).

Company

There were no past due or impaired trade receivables in the Company Balance Sheet as at 31 December 2014 or 31 December 2013 other than the impairment charge included in note 20.

Notes to the Financial Statements - continued

32. Financial Risk and Capital Management - continued

Liquidity Risk

Liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Management monitors the adequacy of the Group's liquidity reserve (comprising undrawn borrowing facilities as detailed in note 24 and cash and cash equivalents as detailed in note 29) against rolling cash flow forecasts. In addition, the Group's liquidity risk management policy involves monitoring Balance Sheet liquidity ratios against internal requirements and maintaining debt financing plans. The influence of the global downturn has resulted in more restricted access to finance, and credit markets are anticipated to remain tight as long as the current uncertain economic environment prevails.

The following table analyses the Group's financial liabilities into the relevant maturity groupings based on the remaining period to contractual maturity at the Balance Sheet date. The amounts disclosed in the following table are the contractual undiscounted cash flows.

	<1 Year €m	1-2 Years €m	2-3 Years €m	>3 Years €m	Total €m	Carrying Amount €m
Group						
2014						
Trade and other payables	45.2	-	-	-	45.2	45.2
Borrowings (principal repayments)	15.3	12.3	15.0	82.9	125.5	125.5
Future finance charges	5.0	4.0	2.8	2.8	14.6	-
Onerous contracts	2.3	0.1	0.1	0.4	2.9	2.9
Other payables	0.3	0.4	0.7	5.8	7.2	7.2
	68.1	16.8	18.6	91.9	195.4	180.8
Less future finance charges	(5.0)	(4.0)	(2.8)	(2.8)	(14.6)	-
	63.1	**12.8**	**15.8**	**89.1**	**180.8**	**180.8**
2013						
Trade and other payables	47.9	-	-	-	47.9	47.9
Held for sale trade and other payables	2.6	-	-	-	2.6	2.6
Borrowings (principal repayments)	11.2	5.2	12.0	101.3	129.7	129.7
Future finance charges	5.8	5.8	5.3	5.1	22.0	-
Onerous contracts	7.9	3.4	1.1	0.6	13.0	13.0
Other payables	0.5	0.4	0.1	0.9	1.9	1.9
	75.9	14.8	18.5	107.9	217.1	195.1
Less future finance charges	(5.8)	(5.8)	(5.3)	(5.1)	(22.0)	-
	70.1	**9.0**	**13.2**	**102.8**	**195.1**	**195.1**

Notes to the Financial Statements - continued

32. Financial Risk and Capital Management - continued

Liquidity Risk - continued

	<1 Year €m	1-2 Years €m	2-3 Years €m	>3 Years €m	Total €m	Carrying Amount €m
Company						
2014						
Trade and other payables	**541.7**	**-**	**-**	**-**	**541.7**	**541.7**
2013						
Trade and other payables	539.3	-	-	-	539.3	539.3

The Board has reviewed the Group financial forecasts and associated risks for the period beyond one year from the date of approval of the financial statements. These detailed, bottom-up financial forecasts have been prepared by, and reviewed with, each of the Group's major business units. The extent of this review reflects the still-uncertain economic outlook. The forecasts reflect key assumptions, based on information available to the Directors at the time of the preparation of this financial information, and include:

- detailed monthly forecasting by business unit for 2015, reflecting trends experienced up to the date of preparation; and
- future revenues for 2015-2019 based on management's assessment of trends across principal operating units.

The critical assumptions underlying the forecast were then stress-tested to ensure sufficient financial covenant headroom exists to cope with a reasonable level of negative movement in the key assumptions.

Having completed this forecasting process, the Directors expect that the Group will meet the covenants under the Bank Facilities and consider that there is sufficient liquidity available to the Group for a period of at least one year from the date of approval of these financial statements.

Notes to the Financial Statements - continued

32. Financial Risk and Capital Management - continued

Market Risk

(a) *Foreign Exchange Risk*

Foreign exchange risk arises from recognised assets and liabilities and forecast future commercial transactions that are denominated in a currency that is not the entity's functional currency. Foreign exchange risk arising from forecast future commercial transactions is managed by the use of forward foreign exchange contracts where deemed appropriate. Foreign exchange transaction exposure in the Group is limited due to the fact that trading companies in the Group tend to have the majority of their revenues and expenses in their functional currency.

Foreign currency translation exposure arises from the retranslation of overseas subsidiaries' Income Statements and Balance Sheets into Euro. The Group is primarily exposed to translation risk on its Northern Irish operation and its investment in APN.

The Group uses forward rate contracts to mitigate the impact of exchange rate movements on the Group's Income Statement when the Group considers it economically viable to do so. Further information on the Group's use of foreign exchange contracts is given in note 18. Based on the net forward contracts outstanding at 31 December 2014, if the Euro had moved by 4% against Sterling, with all other variables being constant, net assets and total equity would have increased by €0.1m if Euro rates had strengthened against Sterling, or reduced by €0.8m if Euro rates had weakened against Sterling. Based on the net forward contracts outstanding at 31 December 2013, if the Euro had moved by 4% against Sterling, with all other variables being constant, net assets and total equity would have increased by €0.6m if Euro rates had strengthened against Sterling, or reduced by €0.6m if Euro rates had weakened against Sterling.

(b) *Interest Rate Risk*

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group has exposure to cashflow interest rate risk as debt is at variable rates. The Group has decided not to enter into interest rate swaps to fix interest repayments at the current time. The Group will continue to review this.

(c) *Price Risk*

The Group is not exposed to significant price risk in relation to its financial instruments, other than in respect of the Group's available-for-sale financial assets (note 17).

Notes to the Financial Statements - continued

32. Financial Risk and Capital Management - continued

Market Risk - continued

(i) Currency and interest rate exposure of financial liabilities

The Group's financial liabilities comprise borrowings, derivative financial instruments, trade and other payables and other non-current payables.

	Floating Rate Financial Liabilities* €m	Fixed Rate Financial Liabilities €m	Non- Interest Bearing Financial Liabilities €m	Total €m	Fixed Rate Financial Liabilities Weighted Average Effective Interest Rate %	Fixed Rate Financial Liabilities Weighted Average Time for which Rate is Fixed Years
Group						
At 31 December 2014						
Currency:						
Euro	124.9	-	49.7	174.6	-	-
Stg£	0.6	-	5.5	6.1	-	-
Other	-	-	0.1	0.1	-	-
Gross financial liabilities	**125.5**	**-**	**55.3**	**180.8**	**-**	**-**
At 31 December 2013						
Currency:						
Euro	129.0	-	40.7	169.7	-	-
Stg£	0.7	-	20.1	20.8	-	-
Other	-	-	4.6	4.6	-	-
Gross financial liabilities	**129.7**	**-**	**65.4**	**195.1**	**-**	**-**

* Of the Group's gross borrowings of €125.5m (2013: €129.7m), 0.0% (2013: 0.0%) is at fixed interest rates.

Interest on floating rate securities is based on national inter-bank rates in the relevant countries. In addition a margin is applied to borrowings under the Group's Bank Facilities based on the gross debt level as at the most recent quarter testing date.

Based on the outstanding net floating rate debt at 31 December 2014, a change in interest rates of +/-1% with all other variables being constant would reduce/increase post-tax profits by €0.8m (2013: €0.8m).

Non-interest bearing financial liabilities include trade and other payables, derivative financial instruments and other non-current payables, which do not have pre-determined dates of repayment.

Company

(i) The Company's financial liabilities primarily comprise loans from subsidiary undertakings which are denominated in Euro and are interest free. Based on the outstanding net floating rate debt (including cash and cash equivalents) at 31 December 2014, a change in interest rates of +/-1% with all other variables being constant would increase/reduce post-tax profits by €0.1m (2013: €0.2m).

Notes to the Financial Statements - continued

32. Financial Risk and Capital Management - continued

Market Risk - continued

(ii) Currency and interest rate analysis of financial assets

The Group's financial assets comprise available-for-sale financial assets, trade and other receivables (excluding prepayments), derivative financial instruments, restricted cash and cash and cash equivalents.
A currency analysis of these financial assets is set out below:

	2014 **€m**	2013 €m
Group		
Currency:		
Euro	**47.8**	58.0
Stg£	**11.2**	11.8
Other*	**2.1**	4.2
	61.1	74.0

Included in the financial assets above are €58.8m (2013: €71.3m) which have been pledged as security against the Group's Bank Facilities, as disclosed in note 24.

* Primarily relates to USD and Indonesian Rupee.

The principal closing and average rates against the Euro relevant to the Group were as follows:

	2014 Closing	**2014 Average**	2013 Closing	2013 Average
Stg£	0.77659	0.80624	0.83231	0.84912
ZAR	N/A	N/A	13.4049	12.3011

Cash and cash equivalents are placed on deposit at floating rates of interest with an original maturity of 90 days or less. The effective interest rates earned during the year on short term bank deposits ranged from 0.2% to 1.1%. The Group's other financial assets, including available-for-sale financial assets, trade and other receivables, loans to associates and joint ventures and derivative financial instruments are non-interest bearing.

Company

The Company's closing cash and cash equivalents balance is denominated in Euro. The effective interest rates earned during the year on short term bank deposits ranged from 0.2% to 1.1%. All loans to subsidiary undertakings are denominated in Euro and are interest free.

Notes to the Financial Statements - continued

32. Financial Risk and Capital Management - continued

Market Risk - continued

(iii) Currency exposures

The table below shows the Group's trade assets and liabilities that give rise to the net monetary gains and losses recognised in the Income Statement. Such exposures comprise the monetary assets and liabilities of the Group that are not denominated in the functional currency of the unit involved. Whilst the Group as a whole has assets and liabilities in multiple currencies, individual entities in the Group do not have a significant foreign exchange exposure to currencies that are not their functional currency. At 31 December, these exposures were as follows:

	Net foreign currency financial assets/(liabilities)		
	Stg£ €m	**Euro €m**	**Total €m**
2014			
Functional currency of Group operations			
Euro	(0.5)	-	(0.5)
Stg£	-	2.2	2.2
	(0.5)	**2.2**	**1.7**
2013			
Functional currency of Group operations			
Euro	(1.3)	-	(1.3)
Stg£	-	0.3	0.3
	(1.3)	**0.3**	**(1.0)**

Net exchange gains of €0.6m (2013: net exchange gains of €nil) on monetary items have been recognised in the Income Statement.

Notes to the Financial Statements - continued

32. Financial Risk and Capital Management - continued

Market Risk - continued

(iv) Fair values of financial assets and financial liabilities

The fair values of quoted available-for-sale financial assets and derivative financial instruments are measured using market values. Unquoted available-for-sale financial assets and derivatives are measured using valuation techniques. The carrying amount of non interest bearing financial assets and financial liabilities and cash and cash equivalents approximates their fair values. The following is a comparison by category of book values and fair values of the Group's and Company's financial assets and financial liabilities as at the year end.

	Carrying Amount		Fair Value	
	2014	2013	**2014**	2013
	€m	€m	**€m**	€m
Group				
Financial Assets				
Available-for-sale financial assets	**2.3**	2.7	**2.3**	2.7
Derivative financial instruments				
- cash flow hedges	**-**	0.4	**-**	0.4
Loans and receivables (non-current)	**-**	1.9	**-**	1.9
	2.3	5.0	**2.3**	5.0

Financial assets whose fair value could not be reliably measured amounted to €nil (2013: €nil).

	Carrying Amount		Fair Value	
	2014	2013	**2014**	2013
	€m	€m	**€m**	€m
Group				
Financial Liabilities (excluding borrowings)				
Other payables	**(6.9)**	(1.9)	**(6.9)**	(1.9)
Group				
Financial Liabilities				
Borrowings	**(125.5)**	(129.7)	**(125.5)**	(129.7)

The Group has not disclosed the fair value of certain financial instruments such as short-term receivables and payables because their carrying amounts are a reasonable approximation of fair value.

The Group has adopted the following fair value measurement hierarchy in relation to its financial assets and financial liabilities that are carried in the Balance Sheet at fair value as at the year end:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements - continued

32. Financial Risk and Capital Management - continued

Market Risk - continued

The following tables set out the assets that are measured at fair value on the Balance Sheet as at 31 December:

	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Group				
2014				
Financial Assets				
Available-for-sale financial assets	1.2	-	1.1	**2.3**
Derivative financial instruments				
- cashflow hedges	-	-	-	**-**
Loans and receivables (non-current)	-	-	-	**-**
	1.2	-	1.1	**2.3**
2013				
Financial Assets				
Available-for-sale financial assets	1.7	-	1.0	**2.7**
Derivative financial instruments				
- cashflow hedges	-	0.4	-	**0.4**
Loans and receivables (non-current)	-	-	1.9	**1.9**
	1.7	0.4	2.9	**5.0**

The following tables set out the financial liabilities that are not measured at fair value on the Balance Sheet as at 31 December:

	Level 1 €m	Level 2 €m	Level 3 €m	Total €m	Fair Value €m
Group					
2014					
Financial Liabilities (excluding borrowings)					
Other payables	-	-	6.9	**6.9**	6.9
2013					
Financial Liabilities (excluding borrowings)					
Other payables	-	-	1.9	**1.9**	1.9

Notes to the Financial Statements - continued

32. Financial Risk and Capital Management - continued

Market Risk - continued

	Level 1 €m	Level 2 €m	Level 3 €m	Total €m	Fair Value €m
Group					
2014					
Financial Liabilities					
Borrowings	-	125.5	-	**125.5**	125.5
2013					
Financial Liabilities					
Borrowings	-	129.7	-	**129.7**	129.7

(v) ***Foreign exchange contracts***

Details of the nominal amount of significant foreign exchange contracts outstanding as at 31 December were as follows:

	2014 €m	2013 €m
Buy Sterling Pounds/Sell Euro	**11.5**	14.5

The Irish operations purchase newsprint in Sterling. In order to protect against adverse exchange rate movements the above foreign exchange contracts were entered into in 2014 and in 2013.

The table below shows the contractual cash flows due under the Group's derivative financial instruments included above which will be settled on a gross basis. The balances are due within one year from the Balance Sheet date, thus the impact of discounting is not significant.

	2014 €m	2013 €m
Forward foreign exchange contracts - cash flow hedges		
Inflow	**11.5**	14.9
Outflow	**(11.5)**	(14.5)

Movement in Cash flow hedges

During the year ended 31 December 2014, a gain of €nil (2013: €0.4m) was recognised in other comprehensive income and no gain or loss (2013: no gain or loss) was transferred from other comprehensive income and recognised in the Income Statement in relation to cash flow hedges.

Notes to the Financial Statements - continued

32. Financial Risk and Capital Management - continued

Market Risk - continued

(vi) Measurement of fair values

Certain financial instruments are measured in level 2 and level 3 of the fair value hierarchy. These are as follows:

Available-for-sale financial assets:

The Group's available-for-sale financial assets include unquoted equity instruments which are a level 3 fair value measurement. Initial fair value is equal to the cash amount paid for the assets. Subsequent fair value is determined using valuation techniques based on the related earnings multiple of the investments, which the Group considers to be a close approximation of their fair value.

Derivative financial instruments:

Derivative financial instruments consist of foreign exchange financial contracts entered into by the Group. These are not traded in active markets. The fair value of the contracts are estimated using a valuation technique that maximises the use of observable market inputs e.g. foreign exchange rates.

There were no transfers between the levels during the period.

33. Contingent Liabilities

(i) Guarantees

Independent News & Media PLC has guaranteed bank advances, EFT facilities and certain other obligations of subsidiary undertakings up to a maximum of €161.0m (2013: €180.2m).

(ii) APN

APN is involved in a dispute with the New Zealand Inland Revenue Department ('IRD') regarding certain financing transactions. The dispute involves tax of NZ$64.0m (€41.2m) for the period up to 31 December 2014. The IRD is seeking to impose penalties of between 10% and 50% of the tax dispute in addition to the tax claimed. APN has tax losses available to offset any amount of tax payable to the extent of NZ$48.0m (€30.9m). On 22 February 2013, the Adjudication Unit of IRD advised that it agrees with the position taken by the IRD. Accordingly, APN was issued with Notices of Assessment denying deductions in relation to interest claimed on certain financing transactions. In response to this step, APN has commenced litigation in the High Court of New Zealand to defend its position in relation to this matter.

(iii) Litigation

Given the nature of the Group's business, from time to time, it is party to various legal proceedings. It is the opinion of the Directors that INM's share of the losses, if any, arising in connection with these matters will have no material adverse impact on the financial position of the Group.

Notes to the Financial Statements - continued

34. Related Party Transactions

Transactions between the Group and its joint ventures and associates include both trade and loan transactions. Details of the Group's principal joint ventures and associates are provided in note 36 to the financial statements.

Details of transactions and balances outstanding with associates and joint ventures are as follows:

	Sale of goods		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2014 €m	2013 €m	**2014 €m**	2013 €m	**2014 €m**	2013 €m	**2014 €m**	2013 €m
Associates	**0.2**	6.5	**-**	5.9	**0.1**	0.4	**-**	-
Joint Ventures	**6.6**	6.2	**17.0**	18.2	**1.1**	1.3	**1.6**	1.4

During the year the Group continued to engage the services of Another 9 under a Business Continuity Agreement. The value of this agreement was €0.1m (2013: €0.1m). Another 9 is a company in which Leslie Buckley is Chairman and in which Denis O'Brien is a significant shareholder.

During the year, the Group entered into a number of transactions at arm's length with Communicorp Group Limited, a company in which Denis O'Brien has control. Under the terms of these barter advertising transactions, the Group received advertising services to the value of €0.9m and provided advertising services to the value of €0.8m (2013: received advertising services to the value of €1.0m and provided advertising services to the value of €1.0m).

During the year, the Group engaged the services of ComputerCall UK Ltd., a company in which Allan Marshall is connected. The value of consultancy services provided was €90,125.

During the year, the Group engaged the services of Glenanaar Technologies Ltd., a company in which Triona Mullane is a director. The value of consultancy services provided was €9,248.

Company

Details of Directors' remuneration are disclosed in the Remuneration Report on page 39. Details of shares held in the Company by Directors and of share options granted to Directors are disclosed in the Remuneration Report on pages 40 to 41. During the year, the Company charged €0.9m (2013: €0.9m) in management fees to its subsidiaries. Details of loan balances due to/from subsidiaries are provided in notes 20 and 21 and all such loans are on an interest free basis.

Notes to the Financial Statements - continued

34. Related Party Transactions - continued

Key Management Personnel

Key management personnel comprise the Board of Directors, including the CEO, who manage the business and affairs of the Company. The remuneration of key management personnel was as follows:

	2014 €m	2013 €m
Short term benefits	**1.8**	1.7
Post-employment benefits	**0.2**	-
	2.0	1.7
Termination payments	**-**	-
	2.0	1.7

35. Retirement Benefit Obligations

The funding of the Group's defined benefit pension plans is decided by the Company in conjunction with the Trustees of the plans and the advice of external actuaries.

During 2014, some employees transferred their defined benefit entitlements to the Company's defined contribution plan. The transfer payments were reduced to reflect the funding level of the defined benefit plan under the minimum funding standard and the net liability reduced as a result.

There was a reduction of €9.3m in the defined benefit pension liability. Offsetting this, and as part of the transfers, the Group committed to making payments to the former defined benefit pension scheme members into the defined contribution pension scheme. This gave rise to an initial provision of €5.8m, of which €5.6m was still payable at 31 December 2014, and was booked to Other payables in the Group Balance Sheet. This provision is not contingent on future service to the Group of the former defined benefit pension scheme members. Employees who opted to transfer would receive an immediate entitlement equivalent to the contributions that would have otherwise been paid to the defined benefit schemes in respect of their share of the deficit under the terms of the funding proposal submitted to the Pensions Authority in September 2013. This amount will be paid to the defined contribution fund over the next 10 years and it is not dependant on future service.

The Group's intention is to make combined annual contributions of €7m over the next 10 years and this remains unaltered by the transfers referred to above.

In respect of the defined benefit pension schemes, no additional liability has been recognised for the difference between the intended contribution amount and the net liability on the Balance Sheet, as the Group is entitled to any surplus remaining at the end of the plan.

Notes to the Financial Statements - continued

35. Retirement Benefit Obligations - continued

Recognition in the Group Income Statement and the Group Statement of Comprehensive Income

The following amounts have been recognised in the Group Income Statement and the Group Statement of Comprehensive Income in relation to the defined contribution pension schemes, the defined benefit pension schemes and a post-retirement medical aid scheme:

	2014 €m	2013 €m
Service cost:		
- Current service cost relating to defined contribution schemes	**3.0**	3.5
- Current service cost relating to defined benefit schemes	**-**	1.1
- Administration cost relating to defined benefit schemes	**0.6**	0.8
- Net interest cost	**2.2**	5.0
- Post-retirement medical aid scheme	**-**	0.4
- Non-exceptional gain due to pension levy	**-**	(0.8)
- Exceptional retirement benefit accounting adjustment	**(3.5)**	(111.4)
Recognised in the Group Income Statement	**2.3**	(101.4)
Remeasurements of the net defined benefit liability:		
- Return on plan assets (excluding amounts included in net interest cost)	**(10.0)**	3.2
- Effect of experience adjustments	**3.9**	9.4
- Effect of changes in demographic assumptions	**2.5**	-
- Effect of changes in financial assumptions	**57.6**	(5.6)
Recognised in the Group Statement of Comprehensive Income	**54.0**	7.0
Total	**56.3**	(94.4)

Defined Contribution Pension Schemes

The Group operates a number of defined contribution pension schemes. Scheme assets are held in separate trustee administered funds. The defined contribution charge for the year (for both continuing operations and discontinued operations combined) was €3.0m (2013: €3.5m). This does not include the one-off contribution referred to above.

Notes to the Financial Statements - continued

35. Retirement Benefit Obligations - continued

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme

The Group operates a number of defined benefit pension schemes. Scheme assets are held in separate trustee administered funds. In general, actuarial valuations are not available for public inspection; however, the results of valuations are available to members of the various schemes. The last formal triennial actuarial valuation of the main defined benefit pension schemes was at 1 January 2012. The valuation at 1 January 2015 is currently in the course of completion. The deficit on the Group's defined benefit pension schemes arises mainly in the Republic of Ireland operations. The Group also had, prior to the disposal of its South African business, a post retirement medical aid scheme. The determination of the pension cost and defined benefit obligation of the Group's defined benefit pension schemes depends on the selection of certain assumptions which include, inter alia, the discount rate, inflation rate, and longevity, all of which are key judgements. Differences arising from actual experience or changes in assumptions in the defined benefit pension schemes are reflected in the Statement of Comprehensive Income.
The combined net liability in the Balance Sheet for the Group's defined benefit pension schemes and the Group's post-retirement medical aid scheme was €100.5m (comprising of €228.2m of obligations less €127.7m of plan assets), consisting of €100.5m of defined benefit pension schemes liabilities and no post-retirement medical aid scheme liabilities following the sale of the South African business (2013: €60.6m (comprising of €169.5m of obligations less €108.9m of plan assets) consisting of €60.6m of defined benefit pension schemes liabilities and no post-retirement medical aid scheme liabilities).

	Defined benefit pension schemes		Post-retirement medical aid scheme	
	2014 €m	2013 €m	**2014 €m**	2013 €m
Present Value of Obligations (funded and unfunded)				
At 1 January	**169.5**	413.9	**-**	21.8
Current service cost	**-**	1.1	**-**	0.4
Accounting adjustment on settlements	**(9.3)**	11.1	**-**	-
Settlement payments from plan	**(4.0)**	(138.0)	**-**	-
Negative past service cost*	**-**	(123.3)	**-**	-
Interest cost	**6.8**	11.9	**-**	-
Contributions by plan participants	**-**	0.4	**-**	-
Remeasurements - effect of changes in demographic assumptions**	**2.5**	-	**-**	-
Remeasurements - effect of changes in financial assumptions**	**57.6**	(5.6)	**-**	-
Remeasurements - effect of experience adjustments**	**3.9**	9.4	**-**	-
Benefits paid***	**(2.8)**	(9.2)	**-**	-
Decrease due to effect of transfers	**-**	(1.3)	**-**	-
Disposal of South African business	**-**	-	**-**	(18.6)
Exchange movements	4.0	(0.9)	**-**	(3.6)
At 31 December	**228.2**	169.5	**-**	-

*Includes €0.8m of a non-exceptional credit in 2013 in respect of the permanent reduction on pensions in payment due to the passing through of the pensions levy.

Notes to the Financial Statements - continued

35. Retirement Benefit Obligations - continued

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme - continued

	Defined benefit pension schemes		Post-retirement medical aid scheme	
	2014	2013	**2014**	2013
	€m	€m	**€m**	€m
Fair Value of Plan Assets				
At 1 January	**108.9**	245.5	**-**	-
Interest on asset	**4.6**	6.9	**-**	-
Remeasurements - return on plan assets excluding interest income **	**10.0**	(3.2)	**-**	-
Contributions by plan participants	**-**	0.4	**-**	-
Contributions by employer	**8.1**	9.2	**-**	-
Settlement payments from plan	**(4.0)**	(138.0)	**-**	-
Benefits paid ***	**(2.6)**	(8.9)	**-**	-
Administrative expenses	**(0.6)**	(0.8)	**-**	-
Decrease due to effect of transfers	**-**	(1.3)	**-**	-
Exchange movements	**3.3**	(0.9)	**-**	-
At 31 December	**127.7**	108.9	**-**	-
Actual return on plan assets	**14.6**	3.7	**-**	-

** Total net remeasurement losses of €54.0m (comprising €64.0m in present value of obligations less €10.0m in fair value of plan assets) were recognised in the Statement of Comprehensive Income in 2014 (2013: net losses of €7.0m). Cumulatively since 1 January 2004, €203.3m has been recognised as a charge in the Statement of Comprehensive Income. Pension scheme assets do not include property occupied by Group companies.

*** Certain schemes are unfunded, thus the benefits paid for those schemes is funded by the Group on an ongoing basis rather than out of fund assets.

The amounts recognised in the Income Statement during the year were as follows:

	Defined benefit pension schemes		Post-retirement medical aid scheme	
	2014	2013	**2014**	2013
	€m	€m	**€m**	€m
Current service cost	**-**	1.1	**-**	0.4
Negative past service cost	**-**	(123.3)	**-**	-
(Gain)/ loss on settlements	**(9.3)**	11.1	**-**	-
Interest on obligation	**6.8**	11.9	**-**	-
Administration expenses	**0.6**	0.8	**-**	-
Interest on plan assets	**(4.6)**	(6.9)	**-**	-
Gains on curtailments	**-**	-	**-**	-
	(6.5)	(105.3)	**-**	0.4

Notes to the Financial Statements - continued

35. Retirement Benefit Obligations - continued

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme - continued

The total amount recognised in the Income Statement was charged as follows:

	Defined benefit pension schemes		Post-retirement medical aid scheme	
	2014	2013	**2014**	2013
	€m	€m	**€m**	€m
Cost of sales	**2.0**	4.4	**-**	-
Administration expenses	**0.8**	1.7	**-**	-
Other operating expenses	**-**	-	**-**	0.4
Net exceptional income***	**(9.3)**	(111.4)	**-**	-
	(6.5)	(105.3)	**-**	0.4

*** During 2014, some employees transferred their defined benefit entitlements to the Company's defined contribution plan. This resulted in a reduction of €9.3m in the defined benefit pension liability and gave rise to an initial defined contribution pension liability of €5.8m, of which €5.6m was still payable at 31 December 2014. The net present value of the liability is €5.6m and it is not related to future service. The transfer payments were reduced to reflect the funding level of the defined benefit plan under the minimum funding standard and the net liability reduced as a result. The amount in 2013 relates to a negative past service cost of €123.3m, less a loss on settlements of €11.1m, less €0.8m of a non-exceptional gain in 2013 in respect of the permanent reduction on pensions in payment due to the passing through of the pensions levy.

The split of the fair value of the plan assets is as follows:

	Defined benefit pension schemes	
	2014	2013
	€m	€m
Equities	**25.4**	23.5
Alternatives	**12.4**	11.1
Bonds	**80.7**	67.6
Property	**4.9**	3.1
Cash and cash equivalents	**4.3**	3.4
Other	**-**	0.2
	127.7	108.9

Notes to the Financial Statements - continued

35. Retirement Benefit Obligations - continued

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme - continued

	Defined benefit pension schemes	
	2014	2013
	€m	€m
Equities:		
Consumer Markets	**6.6**	4.4
Health Care	**3.6**	3.6
Oil and Gas	**1.7**	2.2
Telecoms	**1.8**	2.1
Financial Institutions	**3.9**	3.7
Industrials	**0.8**	0.7
Information Technology	**1.0**	0.8
Other	**6.0**	6.0
	25.4	23.5
Alternatives:		
Derivatives	**0.1**	0.1
Liquid Alternative Strategies	**10.4**	9.4
Venture Capital	**1.9**	1.6
	12.4	11.1
Bonds:		
Government Bonds	**59.5**	47.2
Enhanced Yield Bonds	**21.2**	20.4
	80.7	67.6
Property	**4.9**	3.1
Cash and cash equivalents:		
Cash Deposits	**3.3**	2.2
Trustee Bank Accounts	**1.0**	1.2
	4.3	3.4
Total	**127.7**	108.9

Notes to the Financial Statements - continued

35. Retirement Benefit Obligations - continued

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme - continued

Republic of Ireland Plan Assets:
The asset allocations are set by the Trustees of each Republic of Ireland defined benefit plan following advice by the appointed Investment Consultant.

In 2014, for each defined benefit plan, the asset allocation was determined with the aim of minimising risk while delivering the target expected return. For the main defined benefit plans:
- Equities were managed on a passive global basis, and the benchmark allocation is currently set at 10.5%;
- Government Bonds were managed on a passive Eurozone basis and have a benchmark allocation of 60.5%. There is an allocation of 14.5% to a mixture of corporate bonds, high yield debt and emerging market debt; and
- Liquid Alternative Strategies have a central allocation of 10.5% and there is a combined allocation of 4.0% to property and private equity.

Periodic reviews are carried out by the trustee boards and their advisors to determine if there are any opportunities to reduce investment risk while achieving the target level of expected return.

Belfast Telegraph Pension Scheme Plan Assets:
The scheme's allocation to equities, property, liquid alternatives, derivatives and a portion of their bond holdings are managed by diversified growth managers. The target allocation to diversified growth funds was 65.0% at 31 December 2014 and 31 December 2013.

The scheme has an allocation to actively managed UK corporate bonds that had a target allocation of 17.5% at 31 December 2014 and 31 December 2013.

The scheme has an allocation to passively managed UK index-linked government bonds that had a target allocation of 17.5% at 31 December 2014 and 31 December 2013.

The scheme invests 17.5% of assets in corporate bonds and 17.5% in index-linked gilts in order to provide a stream of cashflows which match the liabilities to provide a partial hedge against changes in interest rates and inflation.

Principal actuarial assumptions for the defined benefit pension schemes are as follows:

	2014	2013
Republic of Ireland		
Discount rate	**2.2%**	4.0%
CPI Inflation	**1.0%**	1.0%
Northern Ireland		
Discount rate	**3.5%**	4.4%
CPI Inflation	**2.2%**	2.7%

Notes to the Financial Statements - continued

35. Retirement Benefit Obligations - continued

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme - continued

Republic of Ireland

Of the total Group defined benefit pension schemes net liability in the Balance Sheet of €100.5m at 31 December 2014, €76.2m relates to the Republic of Ireland defined benefit pension schemes.

It is possible that changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Defined benefit obligation	
	Increase €m	Decrease €m
31 December 2014		
Discount rate (1% movement)	(27.6)	36.4
Inflation rate (25 basis points movement)	0.1	(0.1)
Life expectancy (1 year movement)	3.0	(3.0)

Although the analysis does not take account of the full distribution of cashflows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The mortality assumptions used in the Republic of Ireland schemes are based on standard tables published by the Institute of Actuaries which were adjusted in line with Irish experience. It is assumed that younger members will live longer in retirement than those retiring now, reflecting the expectation that longevity will improve over time.

The assumed life expectancy for a retired member currently aged 65 is 22.8 years (male) and 24.8 years (female). Life expectancy for future pensioners, retiring in 25 years time at age 65, is assumed to be 25.6 years (male) and 27.8 years (female).

At 31 December 2014, the weighted-average duration of the defined benefit obligation was 20.8 years (2013: 20.1 years).

Notes to the Financial Statements - continued

35. Retirement Benefit Obligations - continued

Defined Benefit Pension Schemes and Post-Retirement Medical Aid Scheme - continued

Northern Ireland

Of the total Group defined benefit pension schemes net liability in the Balance Sheet of €100.5m at 31 December 2014, €24.3m relates to the Northern Ireland defined benefit pension scheme.

It is possible that changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Defined benefit obligation	
	Increase €m	Decrease €m
31 December 2014		
Discount rate (1% movement)	(14.6)	18.3
Inflation rate (1% movement)	14.5	(12.4)
Life expectancy (1 year movement)	2.8	(2.6)

Although the analysis does not take account of the full distribution of cashflows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The mortality assumptions used in the Northern Irish scheme is based on S2 normal tables using year of birth with a 100% scaling factor, CMI 2013 Mortality Projection Model and a long term rate of improvement of 1.5% per annum. It is assumed that younger members will live longer in retirement than those retiring now, reflecting the expectation that longevity will improve over time.

The assumed life expectancy for a retired member currently aged 65 is 22.7 years (male) and 24.6 years (female). Life expectancy for future pensioners, retiring in 20 years time at age 65, is assumed to be 24.8 years (male) and 26.9 years (female).

At 31 December 2014, the weighted-average duration of the defined benefit obligation was 22.0 years (2013: 21.4 years).

The estimated employer contributions to be paid in 2015 for the Group's defined benefit pension schemes are €8.0m.

Notes to the Financial Statements - continued

36. Principal Subsidiaries, Associates and Joint Ventures

Name	Principal Activity	Issued and Fully Paid Share Capital
Parent Company (as at 31 December 2014) Independent News & Media PLC	Holding Company	1,392,144,452 (includes 5,597,077 treasury shares) ordinary shares of €0.01 each
Subsidiary Undertakings **(as at 31 December 2014)** (Wholly owned unless otherwise stated)		
Incorporated and operating **principally in Ireland:** Independent Newspapers (Ireland) Limited 27-32 Talbot Street Dublin 1	Newspaper Publishing	5,000,000 ordinary shares of €1.25 each
Independent Newspapers Marketing Limited 27-32 Talbot Street Dublin 1	Newspaper Publishing	100 ordinary shares of €1.25 each 10,000 'A' ordinary shares of €1 each
Sunday Newspapers Limited 27-32 Talbot Street Dublin 1	Newspaper Publishing	80,002 ordinary shares of €1.25 each
Newspread Limited 2023 Bianconi Avenue Citywest Business Campus Naas Road Dublin 24	Newspaper and Magazine Distribution	3,600 ordinary shares of €1.27 each
Independent Communications (Ireland) Limited* 27-32 Talbot Street Dublin 1	Holding Company	5,341,333 ordinary shares of €1.25 each

Notes to the Financial Statements - continued

36. Principal Subsidiaries, Associates and Joint Ventures - continued

Name	Principal Activity	Issued and Fully Paid Share Capital
Independent News & Media Holdings (Ireland) Limited 27-32 Talbot Street Dublin 1	Holding Company	900 ordinary shares of €1.25 each
Independent News & Media Investments Limited 27-32 Talbot Street Dublin 1	Holding Company	1,249 ordinary shares of €1.25 each
Independent Communications (International) Limited* 27-32 Talbot Street Dublin 1	Holding Company	100 ordinary shares of €1.25 each
Independent Newspapers Management Services* 27-32 Talbot Street Dublin 1	Provision of Management Services	542,635,000 ordinary shares of €1.25 each
GrabOne (Ireland) Limited 27-32 Talbot Street Dublin 1	Online Coupon Deals Website	10,000 ordinary shares of €1.00 each (70% interest)
Incorporated and operating principally in the United Kingdom: Independent News and Media Limited 11 Wellbeck Street London W1G 9XZ	Newspaper Publishing	35,942,899,875 ordinary shares of Stg£0.01 each 415,200 deferred shares of Stg£0.01 each
Independent News & Media (UK) Limited 11 Wellbeck Street London W1G 9XZ	Holding Company	328,900,000 ordinary shares of Stg£1 each
Belfast Telegraph Newspapers Limited 11 Wellbeck Street London W1G 9XZ	Dormant Company	11,687,800 ordinary shares of Stg£10 each

Notes to the Financial Statements - continued

36. Principal Subsidiaries, Associates and Joint Ventures - continued

Name	Principal Activity	Issued and Fully Paid Share Capital
Incorporated and operating principally in Belgium:		
Independent News & Media Belgium SA Havenlann 86C Box 204 1000 Brussels	Holding Company	61,500 ordinary shares of €1 each
Incorporated and operating principally in Jersey:		
Independent News & Media (Finance) Limited 13 Castle Street St Helier Jersey JE4 5UT	Finance Company	10 ordinary shares of €1 each
Incorporated and operating principally in The Netherlands:		
Abbey Communications (Netherlands) B.V. Luna ArenA Herikerbergweg 238 1101 CM Amsterdam Zuidoost	Holding Company	42 ordinary shares of €453.38 each
Incorporated and operating principally in Luxembourg:		
Peak Holdings Luxembourg SARL 47 Avenue John F. Kennedy L-1855 Luxembourg	Holding Company	73,399 ordinary shares of €100 each
Incorporated and operating principally in Australasia:		
Independent News & Media Holdings Pty Limited Level 2, 580 George Street Sydney	Holding Company	264,500,002 ordinary shares of A$1 each
Independent News & Media (Australia) Limited Level 2, 580 George Street Sydney	Holding Company	10,000,000 ordinary shares of A$1 each

Notes to the Financial Statements - continued

36. Principal Subsidiaries, Associates and Joint Ventures - continued

Name	Principal Activity	Issued and Fully Paid Share Capital
News & Media NZ Limited 46 Albert Street PO Box 32 Auckland	Holding Company	219,164,476 ordinary shares of NZ$1 each

Associates (as at 31 December 2014)

APN News & Media Limited Level 4 100 William Street Sydney NSW 2011	Holding Company (Newspaper Publishing, Radio Broadcasting and Outdoor Advertising)	1,029,041,356 ordinary shares of A$0.40 each (18.61% interest)

Joint Ventures (as at 31 December 2014)

Incorporated and operating principally in Ireland:		
Independent Star Limited (effective 50% interest) 27-32 Talbot Street Dublin 1	Newspaper Publishing	500 'E' ordinary shares of €1.27 each (0% interest) 500 'I' ordinary shares of €1.27 each 5,000 preference shares of €1.27 each

The respective addresses are the companies' registered offices.

* Direct 100% owned subsidiaries of Parent Company, Independent News & Media PLC.

Notes to the Financial Statements - continued

37. Companies (Amendment) Act , 1986 - Guarantees

The Company has guaranteed the liabilities of certain of its Irish registered subsidiary undertakings for the purpose of Section 17 of the Companies (Amendment) Act, 1986, as listed below, and as a result such subsidiaries have been exempted from the filing provisions of Section 7, Companies (Amendment) Act, 1986.

Argus Newspapers Limited
Champion Printing Limited
GrabOne (Ireland) Limited
Independent Communications (International) Limited
Independent Communications (Ireland) Limited
Independent News & Media Holdings (Ireland) Limited
Independent News & Media Investments Limited
Independent Newspapers (Ireland) Limited
Independent Newspapers Marketing Limited
INM Securities (Ireland) Limited
Internet Interaction Limited
Newspread Limited
Sunday Newspapers Limited
The Drogheda Independent Company Limited
The Kerryman Limited
The People Newspapers Limited

38. Standards, interpretations and amendments and amendments to published standards that are not yet effective

A number of new Standards, Amendments to Standards and Interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements.
These are set out as follows:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
- Annual improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle
- Amendments to IFRS 11: Accounting for acquisitions of interests in Joint Operations*
- IFRS 14: Regulatory Deferral Accounts*
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation*
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Bearer Plants*
- Amendments to IAS 27 Equity method in Separate Financial Statements*
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture*
- Annual Improvements to IFRSs 2012-2014 Cycle*
- IFRS 15: Revenue from contracts with customers*
- IFRS 9 Financial Instruments (2009, and subsequent amendments in 2010 and 2013)*
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception*
- Amendments to IAS 1: Disclosure Initiative*

The Group has not yet completed its assessment of the full impact on the Group financial statements of these new Standards, Interpretations and Amendments to Published Standards.

* These Standards, Interpretations and Amendments to Published Standards have yet to be endorsed by the EU and will only be implemented once they have been endorsed by the EU.

Notes to the Financial Statements - continued

39. Subsequent Events

As part of the disposal of South African operations in August 2013, the Group gave standard warranties with a total potential exposure of R200m (€14.3m as at 31 December 2014). €10.0m of the proceeds were retained in an escrow account (with this amount classified as restricted cash in the Group Balance Sheet) pending any potential warranty claims for a period of 12 to 24 months post completion (24 months if certain pre-existing industry wide competition commission enquiries were still open after 12 months). In early 2015, the Group signed a Settlement Agreement with the purchasers of the South African business to pay the euro equivalent of R85m (€6.6m) in full and final settlement of all warranties and industry wide competition commission enquiries. The residual balance of €3.4m in the Escrow account was paid to the banking syndicate with a consequential reduction of €10.0m in Escrow debt in line with the Escrow Agreement.

On 19 March 2015, the Group announced that it had entered into an agreement with Credit Suisse (Australia) Limited ("Credit Suisse") in respect of the sale, by way of an underwritten block trade, of 191,541,073 ordinary shares in APN, being the entire holding of the Group in APN (representing 18.61% of the issued share capital of APN). Under the terms of the agreement giving effect to the sale (the "Sale Agreement"), Credit Suisse agreed to acquire, or procure the acquisition by third party purchasers of, all of the Group shareholding in APN at a fixed price per APN ordinary share ("APN Share") of AUD$0.88. All of the net proceeds of the transaction will be applied to repay INM Group indebtedness (being €125.5m total borrowings (Net Debt: €89.3m) as at 31 December 2014) in full.

The sale was completed in two tranches and was subject to customary conditions and termination events for an agreement of this nature. Tranche 1 of the sale comprised 86,682,073 APN Shares, representing 8.42% of the issued share capital of APN and 45.3% of the Group's shareholding in APN. Tranche 1 was completed on 24 March and realised AUD$76.3m (€54.5m). Tranche 2 of the sale comprised 104,859,000 APN Shares, representing 10.19% of the issued share capital of APN and 54.7% of the Group's shareholding in APN. Tranche 2 will realise AUD$92.3m (€64.9m). Total gross proceeds are €119.4m based on a fully hedged blended rate of AUD$1.412:€1. Total expected costs associated with the sale of the APN shares are €3.6m.

Tranche 1 was of such a size that it was able to be completed under the Listing Rules of the Irish Stock Exchange and the Listing Rules of the Financial Conduct Authority (together the "Listing Rules") without shareholder approval. Tranche 2 was conditional on (i) the approval by the shareholders of Tranche 2 pursuant to its classification as a Class 1 transaction under the Listing Rules (ii) expiry of certain notice periods and (iii) the Sale Agreement not having been terminated prior to 3 June 2015. Approval of the shareholders for Tranche 2 was sought and received at an extraordinary general meeting of the Company held on 23 April 2015.

There were no other events since the year end that would require disclosure or adjustment in the financial statements.

40. Approval of Financial Statements

The financial statements were approved by the Directors and authorised for issue on 23 April 2015.

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