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Summary of Results

"...group profit before tax and exceptional items was up by 10% to £23.3m (2010: £21.3m), a record for the business."

Financial highlights on continuing operations *

- Record pre-tax profits - up by 10% to £23.3m (2010: £21.3m)
- Group revenue up by 2% to £121.6m (2010: £118.9m)
- Group operating profit up by 3% to £26.8m (2010: £26.1m)
- 23% or £16.8m reduction in net debt over 12 months to £54.7m (2010: £71.5m)
- Net debt reduced by 49% over the last 3 years, a reduction of £52.9m
- Net finance costs down by 26% to £3.5m (2010: £4.7m)
- Impairment charge of £45.0m recognised on Republic of Ireland intangible assets with £19.0m due to higher Republic of Ireland sovereign debt risk
- Pension deficit of £8.6m (2010: £6.8m) despite significant movement in discount rate (2011: 4.8% versus 2010: 5.4%)
- Diluted adjusted earnings per share from continuing operations up by 12% to 18.96p (2010: 16.93p)
- Proposed final dividend of 4.50p (2010: 3.00p) resulting in a full year dividend up by 50% to 6.00p (2010: 4.00p)

* As appropriate, references to profit include associate income but exclude exceptional items

Operational highlights

- Continuing strong audience delivery across both Radio and Television
- Revenue growth of 6% in Radio GB despite the tough comparatives of the 2010 World Cup
- Irish Radio revenues down by 4% - yet still represents significant market outperformance
- Television revenue up by 1% with net advertising revenue in line with the ITV Network
- Strong cash management has led to significant debt reduction and a Net Debt:EBITDA ratio of 1.88 times

Key Dates

- **17 May 2012** – date of Annual General Meeting
- **25 May 2012** – record date for payment of dividends
- **16 July 2012** – payment of dividends

Chairman's Statement

"The financial results in the individual business divisions have demonstrated a strong performance in the different markets and trading conditions that they operate in."

Helen Kirkpatrick
Interim Chairman

Introduction

I am pleased to report that the UTV Group again achieved record pre-tax profits, pre exceptional items, despite the difficult macro-economic environment. Strong cashflows continued to drive down net debt which has been reduced by almost 50% over the last three years. Good progress has been made toward the appointment of a new Chairman who is expected to provide independent and expert leadership of the Group, thus ensuring its continued commercial success. In the interim, it is business as usual for the Board in forging ahead with our strategy of delivering value through the development of market leading media assets.

Results *

The Group has performed robustly and remains resilient to the adverse economic conditions, as is evidenced by the strong performance and financial results of the Group in 2011.

Operating profit in our Radio division was slightly up at £18.9m (2010: £18.7m) while Television operating profit increased by 18% to £6.5m (2010: £5.5m). New Media operating profit was £0.4m lower at £1.5m (2010: £1.9m). Group operating profit, therefore, was up by 3% to £26.8m (2010: 26.1m). After charging net interest of £3.5m (2010: £4.7m), group profit before tax and exceptional items was up by 10% to £23.3m (2010: £21.3m), a record for the business. The exceptional items after tax of £43.9m (2010: £24.8m) relate primarily to an accounting non-cash impairment charge in respect of Irish Radio (2010: GB Local Radio) assets. Net debt has been reduced during the year by over 23% to £54.7m at 31 December 2011 with the key Net Debt/EBITDA ratio declining substantially to a healthy 1.88 times.

The financial results in the individual business divisions have demonstrated a strong performance in the different markets and trading conditions that they operate in. Over the last seven years, the Group has diversified its operation from being substantially a television business based in Northern Ireland to its current position as a leading multi-platform media company which encompasses television, radio and new media businesses. This is a result of the considerable expansion across Great Britain, Republic of Ireland and Northern Ireland. Our radio businesses now account for 70% of operating profit before exceptional items for the Group.

Radio *

Our GB radio division, and particularly talkSPORT, winner of the Sony UK Radio Station of the Year Award, performed particularly well during the year delivering an operating profit of £12.4m representing a growth of over 6%, despite the absence of the 2010 Football World Cup. talkSPORT benefitted from its coverage of major sporting events such as securing the exclusive rights for the coverage of the IRB Rugby World Cup and the rights to broadcast live Premier League football action. This high quality sporting content will further drive audience delivery, and its ability to reach male demographic audiences is a proven key attraction to advertisers. The commercial trading environment experienced by our local radio stations remained challenging but they managed to increase revenue and benefitted from increased synergies.

The commercial trading environment experienced by our Ireland radio businesses was again extremely difficult due to macro-economic conditions. However, the ongoing attractiveness and success of our innovative Urban Access advertising package continued to provide a national advertising capability to major agencies and helped to offset much of the downturn. Operating profit fell by 8% to £6.4m but this result has significantly out-performed the Irish radio market. The market leading listenership of our stations provides much reassurance that the foundations are in place for strong and quick recovery once economic conditions improve.

Television

Our Television business accounted for 24% of operating profit before exceptional items and delivered another good performance with an increase in operating profit of 18% to £6.5m. The national television advertising market largely maintained its recovery, benefitting from successful programming by the ITV network. Additionally, the strength of our local programming content also produced growth in our local advertising revenues despite the impact of the weakened Irish economy. This was further boosted by the growth in the online advertising medium through the UTV Player, a watch on demand service, and traffic to the television website. The increase in operating profit included the impact of reduced operating costs, as the 2010 results included the operating costs of the Football World Cup.

New Media

New Media is our smallest business division accounting for 6% of operating profit before exceptional items and is viewed as offering excellent opportunities for significant expansion through Tibus, our award winning web development and design company and our classified Portals products as well as providing additional services to the wider UTV Group. During the year, as a result of the sales increase in these businesses in 2011 and the expectation of significant growth in 2012, there has been substantial investment in business development in Tibus. This investment resulted in higher costs which reduced the operating profit to £1.5m. However, the increase in business development has created a firm platform upon which the businesses can swiftly expand.

* As appropriate, references to operating profit include associate income but exclude discontinued operations and exceptional items.

Chairman's Statement

Impairment Review

The 2011 impairment review identified a £45.0m impairment in Radio Ireland's intangible assets. This non-cash charge has arisen from a combination of a downward revision of growth forecasts for that division together with the use of a higher country specific discount rate for the Republic of Ireland. This higher discount rate compared to that used for the UK, reflects a greater sovereign debt risk and accounts for £19.0m of the impairment charge. It has been used despite the fact that the Group is a UK funded plc. The net impairment cost of £26.0m occurring at this time despite the relative strength of our Radio Ireland assets which continue to significantly outperform our competitors and have reported a £6.4m operating profit in 2011, is driven by the longer than expected recovery of the Irish economy.

Pension

The results of the UTV pension scheme's IAS 19 valuation at 31 December 2011 indicate a pension deficit of £8.6m (2010: £6.8m). A key assumption in arriving at this is the discount rate. The rate used in 2011 was 4.80%, the comparable rate in 2010 was 5.40%. Such is the impact of this rate that if the 2010 discount rate had been unchanged, the deficit would have been reduced to approximately £1.0m.

Dividend

Our dividend policy over the past few years has been shaped by the need to be cautious in difficult times and by our stated objective to reduce debt. While continuing to drive down debt and remaining prudent during uncertain economic conditions, our improved profit and debt profile allows us to be in a position to pay a significantly increased dividend. Accordingly, the Board is recommending a final dividend of 4.5p making a total for the year of 6.0p, which represents an increase of 50% from 2010. The final dividend will be paid on 16 July 2012 to all shareholders on the Register at the close of business on 25 May 2012.

Prospects

The year 2012 has started well for the Group despite the prevailing economic uncertainty. Overall, we expect revenues in the first four months of 2012 to be in line with budget. It is expected that the major sporting events during the summer of 2012, the UEFA Euro championships and the London Olympics, will have a positive impact in attracting a large volume of both listeners and viewers to our radio and television output, generating an attractive prospect for advertisers.

Our GB Radio division revenue is expected to be up by 8% in the first four months of 2012. This represents outperformance of the UK radio market which is likely to be up by about 5% in the same period. Three new licenses for local radio were acquired in February 2012, underlining the Group's commitment to our local radio business.

A similarly strong outperformance by our Irish radio division, notwithstanding the depressed Irish market, is expected with radio advertising down by 4% in the four months to the end of April at the same level as last year, against a radio market sector which sales agencies are suggesting is likely to be down by about 10%.

We expect television revenues to be down by 5% in the first four months of 2012 compared with last year, which should be broadly in line with the ITV1 market. A new Network Affiliate Agreement (NAA) has been agreed with ITV plc in March 2012 providing greater flexibility for television to operate more effectively on all platforms and driving forward its digital strategy. Our digital strategy has already seen encouraging growth in the online advertising medium and this success is expected to continue as the year progresses.

Our new media division performance over the first four months is in line with last year. In March 2012, the Group acquired a leading social media agency, Simply Zesty, based in the Republic of Ireland. This collaboration is expected to richly contribute to our strategy to further create a diversified multi-media business with both domestic and international customers.

Despite this positive outlook, the fragility of consumer confidence and the slow economic recovery should not be underestimated as these factors can foster volatility in the advertising markets in which we operate. Nevertheless, the combination of the solid foundation of the first four months trading, strong audience delivery in each of our divisions and a continued focus on cost control and debt management, should provide a measure of confidence to our shareholders for 2012.

People

Finally, I wish to thank the Board, the Chief Executive and his team, and all the staff who have made such a significant contribution to the successful achievements of the Group over the course of 2011. Such success could not be achieved without the extraordinary skills and creative talents of the people in the Group, which is sincerely appreciated.

I also wish to thank my predecessor as Chairman, John B McGuckian. John B made an outstanding contribution to the group over his 40 years as a Director, the last 20 years as Chairman.

I look forward to 2012 with anticipation and expectation. Once the changes to the Board structure have been completed this should serve to further strengthen the team, consolidate our governance and promote effective performance - the outcome of which will be the overall continued success of the Group.

Helen Kirkpatrick
Interim Chairman
29 March 2012

> **"Revenue in our Radio GB division grew by 6% overall to £52.2m (2010: £49.2m), with talkSPORT continuing its strong year on year performance and delivering 10% growth in revenue..."**

John McCann
Group Chief Executive

Radio GB

Revenue in our Radio GB division grew by 6% overall to £52.2m (2010: £49.2m), with talkSPORT continuing its strong year on year performance and delivering 10% growth in revenue against a national radio market that was up by 3%. The Independent Local Radio stations (ILRs) had a stable performance with revenue increasing by 1% to £21.2m (2010: £21m), once again outperforming the local radio market which was down by 4% in 2011. Radio GB's growth in revenues translated to a 6% increase in operating profit, despite additional operating costs associated with Premier League rights, increases in paper and printing costs in Sport magazine, and investment in digital product. Radio GB delivered an operating profit, including income from associates, of £12.4m (2010: £11.7m).

talkSPORT

The talkSPORT business and brand continues to go from strength to strength and 2011 marked a year of breakthroughs fuelled by consistently strong audience figures. For the first time since launch, talkSPORT reached a weekly audience listening figure of 3.25m adults, while the average annual audience increased by 17% year on year. Listening hours also remained strong throughout 2011, exceeding 20m hours each week through every quarter for the first time in the station's history. Another listening landmark saw all four daytime shows delivering a weekly audience above 1 million, with breakfast at 1.35m, Keys and Gray at 1.01m, Hawksbee and Jacobs at 1.04m and Drivetime at 1.22m.

talkSPORT reached another milestone in 2011, when the radio industry acknowledged its significant advancements by bestowing upon talkSPORT the highest accolade in UK radio: The Sony Radio Academy 'Station of the Year' Award. talkSPORT's Moz Dee was also named 'Programme Director of the Year' at The Sony Radio Academy Awards.

At the heart of the station's success is the continued focus on compelling sports-related content, along with the way it is delivered to the talkSPORT audience. Investment in live sport forms an integral part of our programming strategy and in 2011 we continued to provide live and exclusive commentary on two Barclays Premier League matches every weekend, contributing to a 10% yearly increase in audiences on Saturday evenings. talkSPORT also made history by becoming the first commercial radio station to gain exclusive rights to the IRB Rugby World Cup, with live commentary of every match. The programming from New Zealand was supported by a team of rugby luminaries which included ex-England hooker Brian Moore and Australian rugby legend David Campese.

The regular programming line up on talkSPORT in 2011 was enhanced by the arrival of Richard Keys and Andy Gray as mid-morning hosts. Keys and Gray complement other leading shows across the station, such as the Alan Brazil Sports Breakfast and Drive with Adrian Durham and Darren Gough, and on any given day prominent names in sport contribute to stimulating debates in the studio. In 2011, talkSPORT hosts were joined by the likes of Wayne Rooney, Jamie Carragher, Terry Venables, Jonny Wilkinson, Will Carling and many more leading sports professionals.

Traffic to the talkSPORT website continues to show significant growth, with unique users and page impressions both increasing more than 200% year on year, with typically over 1.8m monthly unique users and some 18m monthly page impressions, all of which contributed to robust online revenue growth in 2011. A successful re-launch of the iPhone App was another highlight in digital development at talkSPORT, and the station has also become a market leader in social media, with nearly one million Twitter followers across all accounts, as well as strong engagement on Facebook and YouTube.

Sport, the UK's largest sport magazine, also made significant digital progress during the year by creating a spin-off iPad App and becoming one of the first print magazines available to download for free from the App Store. Ahead of the App launch, the print version of the magazine underwent a substantial redesign, and in the process held a steady circulation of 306,000 in an increasingly competitive market. The first digital issue of Sport went to the top of the App Store free sport App chart, and by the end of the year the App had been downloaded 18,000 times, giving readers the opportunity to absorb everything in the full print edition of the magazine, plus exclusive interviews and special features, including audio and video segments.

The consistently strong audience figures outlined above, along with the ongoing increase in online and digital penetration, makes talkSPORT the most efficient broadcaster for advertisers targeting a male audience. Men comprise more than four fifths of the station's audience, with almost half of all listeners in the highly prized 15-44 age demographic. talkSPORT now commands the highest proportion of male audience of any UK broadcast media. This strong demographic profile makes talkSPORT a valuable proposition for advertisers and sponsors alike, and the year on year increase in revenues is testament to the station's core strengths in programming and audience delivery.

Local Radio

Our 13 local radio stations throughout England and Wales delivered a solid performance across the year, delivering a 6% increase in listenership figures, with 1.24m adults (2010: 1.17m) listening for an average of 12 hours per week. In the last quarter of the year, combined listening hours surpassed 13 million, with Liverpool's Juice FM and Signal 1 and 2 in Stoke posting their highest-ever figures for audience reach. These strong audience results helped the ILR group deliver year on year revenue growth of 1% to £21.2m (2010: £21.0m) against the backdrop of a local radio market that was down by 4% in 2011.

"Across the Republic of Ireland, our radio stations maintained their dominance in key local markets, with each achieving the largest primetime market share in their respective areas."

During a year when some of our competitors began to place increased emphasis on networked programming, our commitment to serving local communities with compelling and locally relevant content manifested itself in many ways. Liverpool station Juice FM staged several high-profile events throughout the year and programming achievements were celebrated by a Sony Radio Academy Award as 'Breakfast with Adam and Leanne' won the Silver Award in the Breakfast Show category.

A school scholarship programme was launched with involvement from 23 schools in the Liverpool area, and a further 80 schools have since joined the scheme. The programme is supported by a website that enables students at participating schools across the country to develop radio commercials for local companies, meeting a number of requirements set out in the national curriculum.

The ILRs raised money for a variety of local charities in 2011. The Wave and Swansea Sound in South Wales raised more than £30,000 for children's charity Cash 4 Kids in one weekend, and Blackpool's Radio Wave collected £13,000 for a local hospice. At Wire FM in Warrington, Widnes and Runcorn, a marathon 13-hour broadcast was staged to raise money for a much-needed electric wheelchair for a young listener with cerebral palsy.

We continued to invest in the ILR infrastructure with a move for Liverpool's Juice FM to new studios overlooking the historic waterfront at One Park West. All our local radio stations updated and expanded their online presence in 2011, with each website receiving a full redesign to improve the experience for listeners and advertisers alike. The year also saw the creation of a newly-centralised ILR creative team in Stoke. This allowed us to demonstrate our commitment to delivering optimum results for advertising clients. A recruitment drive resulted in the appointment of additional creative writers to ensure a dedicated resource for every station across the group.

Our national radio sales house First Radio Sales Ltd (FRS), which is jointly owned with UKRD Group, represents the national airtime sales of 118 UK radio stations, of which 30 are commercial market leaders in their respective areas. 5.7 million adults tune in to a radio station represented by FRS, and listen for an average 8.7 hours per week. FRS now represents 11% of All Commercial Listening and continues to offer one of the most impactful radio sales points for national advertisers on a local level through its network coverage.

Radio Ireland

The radio market in Ireland experienced another challenging year and data from agencies suggests that the Irish radio market was down by 10-15% in 2011. Across UTV Media's Radio Ireland group advertising revenue decreased by 4%, or 5% excluding the effects of foreign exchange, to £22.5m (2010: £23.4m). Operating profit in 2011 was reduced by 9% to £6.4m (2010: £7.0m). Overall, this marks another year in which Radio Ireland outperformed the market and this stands the group in good stead for any future upturn in the Irish radio market, though in the short-term conditions are expected to remain challenging.

In 2011, we continued to place a great deal of emphasis on our radio product and all UTV stations in Ireland maintained market-leading positions. Our two Dublin stations, FM104 and Q102, now account for a 21.2% primetime market share in the capital. Of particular note is the complementary nature of the stations' audiences, with FM104 focused on the 15 to 35 age demographic while Q102's mainstay is an audience profile of 35 and above.

Across the Republic of Ireland, our radio stations maintained their dominance in key local markets, with each achieving the largest primetime market share in their respective areas. Cork's 96FM / C103, Limerick's Live 95FM and LMFM all delivered year-on-year increases in primetime market share, achieving 42%, 34.4% and 35.8% respectively. This puts each station significantly ahead of its nearest competitor. In Northern Ireland, U105 delivered significant growth in the greater Belfast area with its market share increasing from 5.9% to 13.7%. The station's total listening hours also jumped dramatically, year on year, from 1 million to almost 2.5 million.

In 2011 we continued to offer advertising clients optimum delivery through our advertising sales agency, UTV Radio Solutions, which represents all UTV-owned radio stations in Ireland, along with two independent stations, Galway Bay FM and Beat 102-103. UTV Radio Solutions uses the combined impact of these individual stations in the seven key urban centres across the island to deliver a national audience of 833,000 adults to advertisers, via its Urban Access advertising initiative.

Industry acknowledgment of UTV Radio Solutions' effectiveness, included the presentation of 'Best Research Initiative' at the Irish Media Awards for its effectiveness study on Urban Access. The study showed how an Urban Access radio campaign could significantly increase both awareness and sales of a brand during and after the campaign. UTV Radio Solutions also actively participated in the launch of Radio Gauge in the Irish market, which is considered to be the global standard for measuring radio advertising effectiveness, helping advertisers optimise their return from radio advertising campaigns through analysis and research.

All stations continued to focus on locally relevant programming and key issues at the heart of the communities they served, and among the many activities across the year were charitable initiatives that raised both funds and awareness for a number of deserving causes that support the sick and underprivileged, both young and old. Overall, well over half a million pounds was raised by UTV's Irish Radio stations for the charities their listeners generously supported.

Television

Total revenue in our television division increased by 1% to £35.6m (2010: £35.3m), and operating profit increased by 18% to £6.5m (2010: £5.5m). This was supported by a reduction in operating costs, due in part to reduced network programming costs associated with the previous year's World Cup. There was a healthy uplift in Online advertising revenue across the year within television, which increased to £0.8m (2010: £0.3m). The UK television advertising market increased by 0.6% in 2011, with advertising revenues across both ITV and UTV declining by 1%. In Belfast, advertising revenue for UTV increased by 4% but was offset by a reduction out of the London and Dublin offices.

"Total revenue in our television division increased by 1% to £35.6m (2010: £35.3m), and operating profit increased by 18% to £6.5m (2010: £5.5m)."

UTV remained the most popular television channel in Northern Ireland, increasing its share of peak-time viewership by 4%, with 30% more viewership than ITV1 with an audience share of 26.6%; 49% more viewership than BBC1 Northern Ireland; and more than 4 times the viewership of Channel 4, our nearest commercial competitor.

Our news and current affairs programming continued to deliver strong audience results, with UTV Live once again confirmed as the most watched news programme in Northern Ireland, achieving an average rating of 34.5% across the year. UTV Live Tonight has also performed well since its launch in 2009, and provided a first-class platform for current affairs programming in 2011, achieving a 16% audience share.

Outside news and current affairs, UTV continued to produce high quality programming that reflects the cultural make-up of our community. UTV favourite, Lesser Spotted Ulster returned for its 13th series in 2011 – and was re-commissioned for another three years – and the autumn season consistently out-rated the ITV network by approximately 10 share points. Ultimate Ulster returned for a third and final series in 2011 and was UTV's first HD commissioned programme.

UTV was delighted to be the official Northern Ireland media partner for the 2011 MTV European Music Awards in Belfast, which was the biggest music event to take place in the city. We supported this spectacular event with a series of special on-air and online programmes and promotions, culminating in a special half-hour programme, 'The Day the Music Came to Town – 2011 MTV EMAs' the night after the event.

Away from the spotlight, negotiations were held with ITV during the latter part of the year, with a view to signing early in 2012 a series of new agreements between UTV and ITV, including an Affiliate Agreement, an Operations Agreement, a Commercial Agreement, a New Media Rights Agreement and an Implementation Agreement. The Network Affiliate Agreement, if approved by Ofcom, would ensure that the new arrangements in place would run until the end of the current UTV licence in 2014 and any future licences awarded to UTV until 2024. The Agreement would also support the launch of UTV HD on both Sky and DTT, to complement the existing UTV HD service available to Virgin customers in Northern Ireland.

Our website, u.tv, experienced significant growth in 2011 with a 57% increase in visits during the year, while the number of unique users increased by almost 50%. The year saw unprecedented use of social media which allowed our journalists to engage directly with the audience through live 'tweeting' and discussions held online during and after certain programmes. 2011 also saw record traffic from mobile devices, complemented by the launch of dedicated UTV News Apps on multiple mobile platforms. Since the introduction of the UTV Player to our website, traffic has increased substantially, with one in four visitors now viewing programming online. As UTV online access and interactivity increases, we will continue to invest in digital content and explore opportunities to better serve advertising clients who require full integration across multiple platforms.

New Media

Revenue increased by 2% across our New Media division to £11.4m (2010: £11.2m), though revenue from UTV Internet was reduced to £7.5m (2010: £8.2m) due mainly to regulated and competitive pricing plus the transfer of hosting customers to Tibus. Revenue from our digital agency Tibus increased to £3.3m (2010: £2.7m) due to growth in web projects and hosting and connectivity services. Revenue from our portal businesses increased to £0.6m (2010: £0.3m). New Media delivered a total operating profit of £1.5m (2010: £1.9m), with the 21% reduction largely driven by a £0.4m cost of sales increase in Tibus.

In 2011, Tibus further invested in the development of its digital services infrastructure, which now include cloud computing, virtualisation and streaming technologies as Tibus prepares for future growth within the hosting services arena. New customers in the year included businesses within recruitment, tourism, arts, utilities, sports and financial services sectors, reflecting a broad and expanding domestic and international client base across the digital agency. Tibus has also worked closely with other divisions across the UTV Group, supporting the rapid online growth of talkSPORT.co.uk and the popular UTV Player video platform.

Our Internet Service Provider, UTV Internet, remained focused on developing its business and consumer broadband bundles in the UK and Ireland in 2011. In Northern Ireland, the availability of fibre-based broadband continued to exceed the rest of the UK, improving access for UTV Internet customers. During the year, we were also able to increase the availability of 'next generation' broadband in Ireland, helping to improve speeds and access.

Business Review

> **"Revenue from our digital agency Tibus increased to £3.3m (2010: £2.7m) due to growth in web projects and hosting and connectivity services."**

UTV's portals dedicated to property, jobs and cars have all experienced a healthy growth in web traffic year on year. UTV Drive's page views increased by over 60%, with PropertyPal traffic increasing by more than 30% during the year.

In July, the company commissioned KPMG consultants to carry out market research, comparing the website to its two nearest competitors. The report found that PropertyPal.com had 15% more properties for sale and 21% more properties to rent than its closest rival, and the site continues to build on its leadership position.

Our jobs portal, RecruitNI, saw a 35% increase in traffic following a website re-launch and RecruitNI also increased the choice of jobs available by 50%. RecruitNI will launch a new mobile App in the first half of 2012 to increase both page views and unique visitors, and the team will continue to focus on innovative content to better serve clients and job seekers alike.

UTV Drive achieved a 64% increase in year on year page view figures, with a new mobile App representing around 15% of its web traffic. UTV Drive has also seen a 30% increase in cars advertised, and new digital features are being developed for the year ahead to enrich the end-user experience and enhance UTV Drive's position in the market.

PRINCIPAL RISKS AND UNCERTAINTIES

The risk factors that we consider to be most significant to the Group's operations and how these are managed are described below. These risks do not necessarily comprise all those associated with the Group as there may be additional risks and uncertainties that are not currently known. Details on the governance arrangements by which risks and uncertainties are monitored and managed are set out in the 'Corporate Governance' report.

License award and regulation

The Group operates its television and radio businesses under licenses regulated by Ofcom and the Broadcasting Authority of Ireland which are required to be renewed on a periodic basis and there is no guarantee that the incumbent provider will be awarded a license renewal. The television and radio businesses are highly regulated and the conditions to be satisfied are extensive. Regulation covers not just broadcast issues such as programme and editorial content but extends to strict rules on ownership and location of the Group's stations.

The Group has put measures in place to ensure that all requirements of the licenses are being met. Communications with the regulators are given high priority and representations are made to ensure that the regional position of UTV Media plc is considered when policy and regulatory issues are reviewed.

Performance of the ITV Network

The Group's television broadcasting activities are highly dependent on the performance of the ITV network with respect to the supply and quality of network programmes and hence the share of viewing audience obtained, as the share impacts directly on the revenue generated from the sale of national and local advertising by the ITV and UTV sales houses respectively.

A new Network Affiliate Agreement (NAA) has been entered into with ITV plc in March 2012, subject to regulatory approval, and will run until the end of the current UTV licence in 2014 and any future licences awarded to UTV until 2024. The agreement reflects the reality of ITV's role and responsibility as the principal driving force behind the Channel 3 schedule in terms of funding, acquisition and scheduling of content and the new agreement strengthens the operating arrangements.

> **"UTV's portals dedicated to property, jobs and cars have all experienced a healthy growth in web traffic year on year."**

Advertising market

A significant element of Group revenue is earned from the sale of airtime advertising to promote consumer spend on products and services. When there are difficult economic conditions in the trading environment, the budgeted spend on advertising by sellers of products and services, is often significantly reduced.

In order to maintain its competitive position the Group endeavours to create innovative pricing strategies and marketing initiatives to attract both new and existing advertising agencies to use the Group's businesses as their main advertising outlet.

Competition

The rapid pace of development in the media industry results in new products, services and competitors frequently being launched into the marketplace, all of which are competing for a share of the audience and hence advertising revenue. In order to maintain its competitive position the Group continues to develop its people, enhance its content and product offerings and offer technically advanced services.

The Group continues to assess the media market and reviews all growth opportunities within its markets both for organic and acquisitive growth, as well as new ventures in other markets.

Key individuals

The Group's share of viewing and listenership audience has a strong correlation to key individuals (talent) who are proven rating winners and any changes in the talent line up could have beneficial or detrimental effects. Within the management structure there is a small number of Directors and key employees whose departure could have an unfavourable impact on the business in the short and medium term. The Group endeavours to offer competitive, market-tested remuneration packages including long term incentives to encourage the retention of these key personnel.

Financial market conditions

The overall financial performance of the Group may be affected by the unpredictability of the financial markets creating financial risks in areas such as exchange rates, cash flow and interest rates. The economic environment may also restrict the availability of debt facilities which could constrain the Group's ability to execute its growth strategies. The Group constantly monitors the financial markets and available funding options. Cash positions are forecast and monitored, appropriate hedging instruments are used to manage interest rate costs and foreign currency investment is managed by allocating and matching the asset profile with debt funding of the operations in the local currency.

Pension scheme

As the UTV defined company pension scheme is currently in deficit, the Group may be required to increase its funding contributions to reduce the deficit which could have an adverse impact on results and cash flow. The funding position for pension arrangements is kept under regular review by the Board and a formal actuarial valuation is performed every three years to ensure that there is independent assessment of the financial position of the fund. Meetings are held with the pension trustees each year to consider matters such as investment criteria, funding policy and the effects of any changes in pension legislation.

John McCann
Group Chief Executive
29 March 2012

Financial Review

"Continued emphasis placed on cash generation/debt reduction has resulted in a year on year decrease in net debt of £16.8m to £54.7m, bringing the total reduction over the three years to 49%."

Norman McKeown
Group Finance Director

Basis of preparation of financial statements

The Group has prepared its financial statements under International Financial Reporting Standards (IFRS) as adopted by the European Union and its parent company has prepared its financial statements under UK GAAP. The accounting policies adopted by the Group are set out in Note 2 of the 'Notes to the Group Financial Statements'.

The currency of the Group and Company financial statements is sterling and all values are rounded to the nearest thousand except where otherwise indicated.

Financial performance

The Group has delivered a strong financial performance in 2011 with revenues and profits up on the prior year and net debt significantly reduced. These results have been achieved, despite the very challenging economic conditions facing the media sector, through the management team following the Group's strategy which has delivered continued out-performance in the market and developed a number of new business opportunities.

Key financial indicators

The Group considers its key financial metrics to evaluate performance to be:

	2011	2010	Change
Revenue from continuing operations	£121.6m	£118.9m	£2.7m
Operating profit before exceptional items *	£26.8m	£26.1m	£0.7m
Profit before tax *	£23.3m	£21.3m	£2.0m
Diluted adjusted earnings per share (EPS)	18.96p	16.93p	2.03p
Net cash flow generation	£16.5m	£16.0m	£0.5m

* As appropriate, references to profit include associate income but exclude discontinued operations and exceptional items

Revenue

The revenue from continuing operations in the Group has increased by 2.3% to £121.6m (2010: £118.9m) largely as the result of a strong performance in the GB radio business which experienced continued growth in net advertising and sponsorship despite the difficult economic conditions facing both advertisers and consumers plus the 2010 Football World Cup impact in the comparator. However the economic situation in Ireland has had a significant downward effect on advertising spend which impacted on both the Radio Ireland and Television businesses. This was offset by developments made in online advertising which have also contributed to revenue growth particularly in the Television business.

The percentage of revenue contributed by the business segments in the Group in 2011 reflects the strong performance in Radio GB and the details of the individual revenue contribution are set out in the table below.

Revenue analysis by business segment

					Contribution to Group Revenue	
	2011	2010	Growth / (decline)	Change	2011	2010
	£m	£m	£m	%	%	%
Radio GB	52.1	48.9	3.2	6.5	42.8	41.1
Radio Ireland	22.5	23.4	(0.9)	(3.8)	18.5	19.7
Television	35.6	35.4	0.2	0.6	29.3	29.8
New Media	11.4	11.2	0.2	1.8	9.4	9.4
	121.6	118.9	2.7	2.3	100.0	100.0

Operating profit

The operating profit from continuing operations before tax, finance costs and exceptional items and including associate income has increased by 2.7% to £26.8m (2010: £26.1m) as the revenue growth converted into profit.

The percentage of operating profit contributed by the business segments in the Group in 2011 reflects the growth in Radio GB and Television operations and the reduced profits within Radio Ireland and New Media. The details of the individual operating profit contribution, including associated income earned, are set out in the following table.

Operating profit analysis by business segment

	2011	2010	Growth / (decline)	Change	Contribution to Group Operating Profit 2011	Contribution to Group Operating Profit 2010
	£m	£m	£m	%	%	%
Radio GB*	12.4	11.7	0.7	6.0	46.3	44.8
Radio Ireland	6.4	7.0	(0.6)	(8.6)	23.9	26.8
Television	6.5	5.5	1.0	18.2	24.2	21.1
New Media	1.5	1.9	(0.4)	21.0	5.6	7.3
	26.8	26.1	0.7	2.7	100.0	100.0

* Radio GB includes associate income of £0.1m (2010: £0.2m)

Net financing cost

The net financing cost was reduced by 25.5% to £3.5m (2010: £4.7m). This saving was a combined result of strong cash management resulting in a reduced net debt plus lower costs associated with the interest rate swaps.

Profit before tax

The profit including associate income before tax from continuing operations and after finance costs and excluding exceptional items in the Group has increased by 10.0% to £23.3m (2010: £21.3m), a record for the Group.

Exceptional items

Despite improving listenership to our Republic of Ireland radio stations and the cost savings and efficiencies achieved over the past 24 months, the very significant impact of the ongoing difficulties being experienced by the Republic of Ireland economy has necessitated a downward revision of our growth forecast in this sector.

While lower costs of financing and a more stable equity environment have secured a reduction in the discount factor applied in valuing our UK operations (a pre-tax discount rate of 11.5% in 2011 versus 12.8% in 2010), the requirement to account for sovereign risk has resulted in an increase in the discount rates to be applied in valuing our Republic of Ireland operations (a pre-tax discount rate of 12.3% in 2011 versus 11.8% in 2010).

The resultant reduction in the future cash flow forecasts coupled with the impact of higher discount rates, applied thereto, has resulted in an impairment charge of £45.0m and hence a reduction in the carrying value of the intangible assets in the Republic of Ireland. The higher Republic of Ireland discount rate, compared to that used in the UK, accounted for £19.0m of this impairment charge.

Taxation

The tax charge on operating activities from continuing operations before exceptional items for the year of £4.7m (2010: £4.7m) represents an effective tax rate of 20.5% (2010: 22.1%). This rate is a combination of profits from our UK operations at the effective UK corporation tax rate for 2011 of 26.5% (2010: 28.0%) and profits in our Republic of Ireland operations at the ROI corporation tax rate of 12.5% (2010: 12.5%). The decline in this rate in 2011 reflects the reduction in the UK corporation tax rate plus the impact of a credit in respect of previous years.

The exceptional tax credit of £1.1m (2010: credit of £10.2m) arose as a result of:

- £1.1m (2010: £0.8m) credit due to impact on the deferred tax assets and liabilities of a change in the corporation tax rate in the UK from 27% to 25% (2010: 28% to 27%)
- £Nil (2010: £9.4m) was released from the deferred tax liability on the recognition of the impairment of intangible assets in Radio Ireland (2010: the Local Radio licences in Radio GB).

Earnings per share

	2011	2010	Change
Basic and diluted EPS	(26.94)p	(8.95)p	(18.0)p
Adjusted EPS	19.08p	17.01p	2.07p
Diluted adjusted EPS	18.96p	16.93p	2.03p

The adjusted earnings per share (EPS) calculations reflect adjustments for the net exceptional loss of £43.9m (2010: £24.8m) which are not considered to reflect how the business is managed and measured on an ongoing basis. The diluted earnings per share calculation is based on 95.9m shares in 2011 (2010: 95.9m shares).

The above EPS calculations are in relation to the Group's continuing operations.

Discontinued operations

Within Television an interactive television business ceased to trade in February 2011. There was a loss of £213k from this business for the period until closure included as discontinued operations in the Group Income Statement for 2011 (2010: a loss of £214k).

Dividend

A final dividend of 4.50p (2010: 3.00p) is proposed by the Board. If approved by the shareholders, this will result in a full year dividend of 6.00p (2010: 4.00p), and a total dividend payable in respect of the year of £5.7m (2010: £3.8m).

Pensions

The IAS 19 deficit at 31 December 2011 on the UTV defined benefit pension schemes increased by £1.8m to £8.6m (2010: £6.8m). The assumptions underpinning the schemes deficit calculations are set out in Note 30. The increase in the deficit was primarily driven by a decline in the discount rate assumption arising from the reduction in corporate bond yields which increased the schemes liabilities. This was partly offset by the experience adjustments arising on the scheme's liabilities as a result of the triennial valuation at 30 June 2011.

Financial Review

The Group funded a discretionary amount of £1.2m towards the actuarial deficit in 2011 by means of a cash transfer and has agreed to make further payments of £1.2m in each year from 2012 to 2014.

Net Cash Flow

	2011 £m	2010 £m	Increase/ (decrease) £m
EBIT [(1)]	26.7	25.8	0.9
Depreciation and amortisation	1.6	1.6	-
EBITDA	28.3	27.4	0.9
Capital expenditure (net)	(2.1)	(1.0)	(1.1)
Working capital movement	2.0	(0.7)	2.7
Exceptional costs	-	(0.5)	0.5
Free cash flow	28.2	25.2	3.0
Net financing costs	(3.4)	(4.4)	1.0
Tax	(2.3)	(0.2)	(2.1)
Dividends paid to equity shareholders	(4.3)	(2.9)	(1.4)
Dividends paid to minority interests	(0.4)	(0.7)	0.3
Acquisitions	-	(0.1)	0.1
Discretionary pension payments	(1.2)	(1.2)	-
Acquisition of treasury shares	(0.3)	-	(0.3)
Other cash flows	0.2	0.3	(0.1)
Net cash flow	16.5	16.0	0.5

(1) Earnings before interest, taxation, exceptional items and including dividend income from associates.

Free cash flow from operations increased by £3.0m to £28.2m (2010: £25.2m), with the increase in EBITDA of £0.9m plus the positive working capital movement of £2.7m and absence of exceptional cash flows of £0.5m helping to offset the increase in capital expenditure of £1.1m. The latter reflects the Group's continued investment in the changing technology within the industry including the preparation for the switch over to digital by Television in October 2012.

The increase in free cash flow compared to 2010, enhanced by savings in the net financing costs of £1.0m afforded the opportunity to pay higher dividends, an increase of £1.4m, while retaining an overall increase of £0.5m in the net cash flow.

Balance Sheet

Total equity reduced by £34.6m to £83.6m (2010: £118.2m). Movements in the year include:

- an impairment charge on the Radio Ireland intangible assets of £45.0m
- an exchange loss of £2.3m on euro denominated assets
- a reduction of £16.8m in net debt due to the net cash flow of £16.5m, a decrease in the deferred financing cost of £0.2m plus a foreign exchange gain of £0.5m
- a reduction in trade and other receivables due to improved debt collection
- a decrease of £3.4m on the deferred tax asset due to the utilisation of tax losses plus the impact of the reduction in the future UK corporation tax net of the increased deferred tax on the pension liability
- a saving in the deferred tax liability of £2.5m, as a result of the impact of the reduction in the future UK corporation tax plus foreign exchange movements
- an increase in the pension deficit of £1.8m, as discussed above.

Capital structure and financial risk management

During the year the Group made mandatory debt repayments of £8.3m and a further £12.0m of voluntary debt repayments. This was the main factor contributing to the net debt position of the Group as at 31 December 2011, being £54.7m (2010: £71.5m).

The banking covenant ratio requirements as defined in the facilities documentation for 31 December 2011 were:

(1) Net Debt to EBITDA ratio should not exceed 3.50:1 (2010: 3.75:1)
(2) EBITDA to Net Interest Expense ratio should not be less than 3.25:1 (2010: 3.25:1)

These required ratios were comfortably met as follows:

(1) Net Debt to EBITDA ratio of 1.88:1 (2010: 2.57:1)
(2) EBITDA to Net Interest Expense ratio 8.87:1 (2010: 6.19:1)

The Group's debt funding facilities comprise of senior syndicated bank facilities led by Bank of Ireland and are secured by way of a floating charge over the Group's assets together with a payment and performance guarantee. The facilities comprise of term loans and revolving credit facilities. The applicable margins are payable based on the covenant Net Debt: EBITDA ratios detailed below:

Net Debt: EBITDA	Applicable Margin
3.50-3.75	2.85%
3.00-3.50	2.65%
2.50-3.00	2.45%
2.00-2.50	2.25%
Less than 2.00	2.00%

For 2012, the current banking covenants require the following to be met in each 12 month period ended March, June, September and December:

(1) Net Debt to EBITDA ratio should not exceed 3.25:1
(2) EBITDA to Net Interest Expense ratio should not be less than 3.25:1

Debt funding facilities

The Group's debt funding facilities which mature in June 2013 are as follows:

- £72.5m facilities with UTV Limited comprising a £37.5m term loan (reduced from £42.5m as at 31 December 2010 by mandatory repayments), plus a £35.0m revolving credit facility
- €31.0m facilities with UTV Radio (ROI) Limited comprising a €26.0m term loan (reduced from €30.0m as at 31 December 2010 by mandatory repayments), together with a €5m revolving credit facility.

Facilities totalling £62.2m have been utilised, leaving unutilised facilities of £39.2m, including overdraft facilities of £3.0m plus cash reserves of £7.2m.

Re-financing

The Group has formally launched a long term re-financing and is in positive discussions with a syndicate of banks which the Directors believe will result in a successful refinancing of the Group before 30 June 2013.

Fixed interest swaps

Fixed interest rate swaps are in place until 30 June 2013, as detailed below:

- 80.74% of the utilised sterling borrowings cost is fixed at 2.37% plus the applicable margin
- 40.00% of the utilised euro borrowings cost is fixed at 1.74% plus the applicable margin

Overall, at 31 December 2011, 66.54% of the total utilised borrowing facilities are fixed at a blended rate of 2.15% plus the applicable margin.

Full details of the maturity profile of the Group's liabilities are set out in Note 23: Financial liabilities to the financial statements. The Group's liquidity policy ensures continuity of funding in the short and medium term by the use of cash deposits, undrawn bank facilities and other facilities. The Group sets out its financial risk management objectives and policies in part (a) of Note 29: Derivatives and other financial instruments.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described above. In addition, Note 29 to the financial statements includes the group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group has taken steps during the year to strengthen its position including:

- growing the overall revenues of the Group by 2.3% and its operating profit by 3%
- continued emphasis placed on cash generation/debt reduction which has resulted in a year on year decrease in net debt of £16.8m to £54.7m, bringing the total reduction over the three years to 49%.

The Directors have reviewed the 2012 budgets and subsequent forecasts in light of current economic conditions and are satisfied that adequate resources are available to continue in operational existence in the long term. Therefore, the Group continues to adopt the going concern basis in the preparation of its Annual Report.

Norman McKeown
Group Finance Director
29 March 2012

Radio GB

It was another year of growth for talkSPORT and our local radio stations in Great Britain, with numerous on-air highlights and off-air achievements. In addition, Sport magazine cemented its position within the group, complementing the sports media offering available to advertisers via talkSPORT.

Alan Brazil

Brian Moore

talkSPORT

2011 was the biggest year in talkSPORT's history as the station was recognised by the industry and audiences alike.

talkSPORT's weekly audience reach hit 3.25 million for the first time in the first quarter of the year, while its average annual audience increased by 17% on a record-breaking 2010. Listening hours remained strong throughout the year, exceeding 20 million in every quarter for the first time in the station's history.

talkSPORT reached a significant milestone in May 2011, when the station received the highest accolade in UK radio by being awarded 'Station of the Year' at the Sony Radio Academy Awards. Moz Dee was named 'Programme Director of the Year' and talkSPORT Creative received the Gold Award for 'Best Promotional Campaign' and the Bronze Award for 'Best Station Imaging'.

Investment in live sport has been a crucial ingredient in talkSPORT's recent success. In 2011, we continued to provide live and exclusive commentary on two Barclays Premier League matches every weekend, contributing to a 10% yearly increase in audiences on Saturday evenings.

talkSPORT also made history by becoming the first commercial radio station to gain exclusive rights to the IRB Rugby World Cup, offering live commentary of every match.

The station attracted prestigious names from the world of rugby to provide expert analysis and insight, with ex-England hooker Brian Moore heading up the team in New Zealand. He was joined by Australian rugby legend, David Campese and the voice of the Rugby World Cup, John Taylor, as well as Phil Vickery, Scott Quinnell, Gavin Hastings and Paul Wallace.

A winning line-up

talkSPORT's focus on providing a credible and entertaining sports service was strengthened with the arrival of Richard Keys and Andy Gray as mid-morning hosts in early 2011. Keys and Gray complement other top shows such as the Alan Brazil Sports Breakfast and Drive with Adrian Durham and Darren Gough.

Their show places an emphasis on speaking to prominent names from the world of sport and in 2011, these included Wayne Rooney, Jamie Carragher, Teddy Sheringham, Terry Venables, Jonny Wilkinson, Will Carling and Frank Bruno.

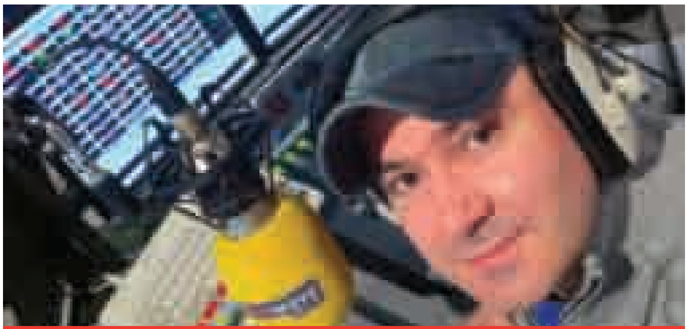
Elsewhere, we extended sports programming with The Sports Bar moving to weekday evenings and the launch of several new specialist sports shows including The Press Pass with experienced sports journalist Des Kelly.

The series, My Sporting Life, brought sporting legends such as Gareth Thomas, Barry McGuigan, Denis Law and Mark Ramprakash into the studio to talk in-depth about their exceptional careers and lives.

Strong digital performance

talkSPORT's on-air success was backed up by a strong digital performance in 2011. Highlights included a successful re-launch of the talkSPORT iPhone App and the continued growth of talksport.co.uk. It has become one of the fastest growing websites in the UK sports sector, reaching a monthly average of 1.8 million unique users.

talkSPORT has also become a market leader in social media, with nearly one million Twitter followers across all accounts, as well as strong engagement on Facebook and YouTube.


The Wave

Sport

Sport, the UK's largest sport magazine, brought its own unique reporting to every major sporting event in 2011 and in the process held a steady circulation of 306,000 in an increasingly competitive market.

Among its cover stories were extended interviews with Paul Gascoigne, Roger Federer, Pele, Lewis Hamilton, Lionel Messi and Alistair Cook. Lord Sebastian Coe guest-edited a special edition marking a 'Year To Go' until the London Olympic Games 2012.

Sport also made significant digital progress during the year by creating a spin-off iPad App and becoming one of the first print magazines available to download for free from the App Store. Ahead of the App launch, the print version of the magazine underwent a substantial redesign, which offered a clearer layout and a new masthead.

Launched on 25 November, the first digital issue of Sport went to the top of the App Store free sport App chart within 12 hours. By the end of the year, the App had been downloaded 18,000 times. The App also features the full print edition of the magazine plus 'behind the scenes' videos with sporting stars and exclusive interviews, as well as audio and extra pictures.

Proud to be local

Our local radio stations in Great Britain went from strength to strength, attracting a combined audience of 1.4 million adults. This audience growth reflected our commitment to local programming in a year when some of our competitors were placing an increased emphasis on networked programming. In the last quarter of the year, combined listening hours surpassed 13 million, with Liverpool's Juice FM and Signal 1 and 2 in Stoke posting highest-ever figures for audience reach.

Liverpool station Juice FM celebrated success at the Sony Radio Academy Awards as 'Breakfast with Adam and Leanne' won the Silver Award in the Breakfast Show (under 10 million) category. The station also staged several high-profile events throughout the year, including the 5th Annual Liverpool Style Awards and a homecoming event for X Factor finalist Marcus Collins. A strong year was capped with a move to new studios overlooking the historic waterfront at One Park West.

Proving more than ever that they sit at the very heart of their communities, UTV's local stations have all raised money for a variety of charities in 2011. The Wave and Swansea Sound in South Wales raised more than £30,000 for children's charity Cash 4 Kids in one weekend and Blackpool's Radio Wave collected £13,000 for a local hospice, both by holding highly successful auctions.

At Wire FM in Warrington, Widnes and Runcorn, Roy Basnett completed a marathon 13-hour broadcast to raise money for a much-needed electric wheelchair for a young listener with cerebral palsy.

Pop music show, Total Access, continued to prove a hit with listeners across the network in 2011, featuring live performances and exclusive interviews with The Wanted, One Direction, Manic Street Preachers, Ed Sheeran, Rebecca Ferguson, Jessie J, Mel C and Olly Murs.

Our local radio stations updated and expanded their online presence during the year, with each website receiving a full redesign to improve the experience for listeners and advertisers alike. The re-launched websites offer enhanced on-air information, directories for local businesses, as well as local and national news.

Another significant move was the decision to create a newly-centralised creative team in Stoke. This allowed us to demonstrate our commitment to delivering the best results for advertising clients while improving our overall station sound. An internal restructure and external recruitment drive saw UTV take on additional creative writers to ensure a dedicated resource for every station.

At the start of 2012, we capitalised on the confidence and growth within our local radio division with the acquisition of 3 radio licences covering Telford, Shrewsbury and Oswestry and Kidderminster. We have now brought these services together with our existing station, The Wolf, to create a new, enlarged service for Wolverhampton, Shropshire and North Worcestershire – Signal 107 – which reaches a Total Survey Area (TSA) of more than 900,000 people.

Sport Magazine

Radio Ireland

All of the UTV radio stations in Ireland, which are based in Dublin, Cork, Limerick, Belfast and Drogheda, achieved and maintained market-leading positions in 2011.

The Phone Show on FM104

Our two Dublin stations FM104 and Q102 enjoyed particular success and they now account for a 21.2% primetime market share. Their strength is based on delivering the top two music station positions in Dublin - FM104 led the way with a primetime market share of 11.6% and Q102 had 9.6%. Of particular note is the complementary nature of the stations' audiences - with FM104 focused on the 15 to 35 age group audience and Q102 on the 35 plus audience.

Outside Dublin, our radio stations also maintained their dominance in key local markets, with each achieving the largest primetime market share in its franchise area. Cork's 96FM/C103, Limerick's Live 95FM and LMFM all showed year-on-year increases in primetime market share, achieving 42%, 34.4% and 35.8% respectively. This puts each station significantly ahead of its nearest competitor – in all cases RTE Radio 1 – which had a primetime market share of 20.9%, 25.7% and 18.7% in each market respectively.

U105, which broadcasts to the greater Belfast area, celebrated significant growth during 2011 with its market share increasing from 5.9% to 13.7%. The station's total listening hours also jumped dramatically, year on year, from 1 million to almost 2.5 million.

UTV Radio News, our networked news service, had an extremely busy year with particular focus on coverage of the general and Presidential elections in Ireland. It also began providing news services to two third parties during 2011.

UTV Radio Solutions

Our advertising sales agency, UTV Radio Solutions, represents all of UTV's radio stations in Ireland, along with two others, Galway Bay FM and Beat 102-103.

UTV Radio Solutions uses the strength of these individual stations in the top seven population centres across the island to deliver a national audience of 833,000 adults to advertisers, via its Urban Access advertising initiative.

The highlight of 2011 for UTV Radio Solutions was winning the 'Best Research Initiative' at the Irish Media Awards for its effectiveness study on Urban Access. The study showed how an Urban Access radio campaign could significantly increase both awareness and sales of a brand during and after the campaign. The success in this category was particularly pleasing considering the competition from international advertising agencies and research companies, both with significant research budgets at their disposal.

UTV Radio Solutions was also heavily involved in the launch of Radio Gauge in the Irish market. Considered the global standard for measuring radio advertising effectiveness, Radio Gauge helps advertisers get the best return from radio investment by analysing their advertising messages and providing pointers to areas where they can improve. The project, which is jointly funded by all Irish radio groups, ran a successful pilot in October 2011 and has subsequently committed to a further campaign in 2012.

UTV Radio Solutions was also responsible for a radio first in 2011. In conjunction with Heineken Ireland, a teaser campaign was launched which encouraged people to use a smart phone App, 'Shazam', to pick up a re-worked Elvis Presley song. Once engaged, the App directed the consumer to a 'landing site', where they viewed the new Heineken advert and received further information on the brand. The campaign showed how effectively radio can be integrated with online media.

Awards

Our radio stations performed well at the PPI Radio Awards 2011 with FM104 receiving the overall 'Music Station of the Year' Award. FM104 also won the, 'Best Breakfast Show' category and the award for innovation with its '104 Hour Runaway' promotion.


96FM and C103 Athlete of the Month Award

Q102 won the 'Music Special Category' for a documentary on the reunion of The Commitments. LMFM and C103 also won a number of silver and bronze awards.

In the community

A key factor in the success of our market-leading, locally-focused stations is our continued involvement in all aspects of life in the communities to which we broadcast. At the heart of this commitment are numerous charitable initiatives that raise both significant funds and publicity for worthy causes.

Cork's 96FM's big annual charity event, is the 96FM 'Giving for Living Radiothon', which raised more than €1m for the children's wards at the Mercy and Cork University hospitals over its first three years.

In 2011, the focus was changed to fundraising for the cancer services at these hospitals, as well as the Marymount Hospice, with €337,500 raised. 96FM's annual food appeal, in association with the Lions' Club, also succeeded in again raising more than €100,000 worth of food for needy families at Christmas.

The station was also heavily involved in awards' schemes in both the GAA and athletics, as well as numerous other sporting, arts and charitable events.

Limerick's Live 95FM raised more than €50,000 for the Children's Unit at the Regional Hospital and The CARI Foundation through its second 'Living in a Window for Kids' promotion. The station was also a media partner for numerous events including the prestigious Limerick Region Business Awards, the Great Limerick Run and the RiverFest. Live 95FM also became the official radio partner of Munster Rugby with many exciting initiatives planned.

LMFM continued its sponsorship and promotion of the Gary Kelly Cancer Support Centre mini-marathon. The station also produced a book entitled 'Soundbites – the LMFM Listeners' Anthology of Short Stories and Poetry', with proceeds going to local charities.

Q102 completed its second year as charity partner of Focus Ireland and a number of outside broadcasts took place to highlight its 'Keys to a Home' campaign. FM104 completed a number of events for its 'Help a Dublin Child' charity initiative, including the annual charity concert hosted by Olly Murs, which raised more than €50,000.

The main event for U105 was the '105 Town Tour', where breakfast presenter Maurice Jay raised more than £100,000 for the Northern Ireland Hospice by visiting 105 places in Northern Ireland over a six-day period. The station was also an active member of both Business in the Community and Arts and Business in Northern Ireland.

UTV senior management are active in relevant industry bodies such as the Independent Broadcasters of Ireland (IBI) and the Joint National Listenership Research (JNLR) Committee. UTV Radio Ireland also contributed to the Broadcasting Authority of Ireland's (BAI) consultations into a Broadcasting Services Strategy and a Children's Advertising Code.


U105's Carolyn Stewart

Television

UTV has continued to lead the market in innovation by supporting the local creative industries, while providing our viewers with original, quality programmes that reflect a modern Northern Ireland and its people.

UTV Live Tonight

At the heart of our output is a commitment to high quality news and current affairs, alongside a diverse range of regional programmes catering for all tastes. These are backed up by the best content from the ITV network.

In 2011, UTV remained by far the most popular television channel in Northern Ireland, which was testimony to the diversity of our content schedule and the interactivity we enjoy with our audiences across all platforms.

News and Current Affairs

UTV Live continued to be the most watched news programme in Northern Ireland, achieving an average rating of 34.5% across the year, well ahead of BBC Northern Ireland's Newsline which achieved 26.4% and the ITV regional news average at 6pm which was 17.8%.

Among the major stories covered during the year was the horrific murder in January of Michaela Harte on honeymoon in Mauritius. The next month, a small commuter plane from Belfast crashed in thick fog as it landed at Cork airport, killing six people. UTV reporters were on site within hours to bring viewers extended live coverage and a special live programme at 8pm that evening. On Saturday 2 April, the PSNI suffered its second fatality at the hands of terrorists when Constable Ronan Kerr was blown up by an under-car bomb in Omagh.

In the run-up to the Assembly election, UTV produced two outside broadcasts in Omagh and Belfast, including a televised leaders' debate. During the election, 25 UTV journalists provided updates from the count centres. UTV put in place more than 11 hours of special election programming to keep viewers up to date. The live election coverage continued despite counting delays over the weekend which meant the final result did not emerge until Sunday 8 May.

Later that month, the Queen visited the Republic of Ireland in what was the first visit by a reigning monarch since Ireland's independence. UTV committed extensive resources to the four-day tour and produced extended coverage on UTV Live Tonight. Her Majesty's visit was followed by the first official visit to the Republic of Ireland by the President of the United States, Barack Obama.

In late October, Robert Black, the UK's most notorious child murderer, was convicted of killing nine-year-old Jennifer Cardy close to her home in Ballinderry, County Antrim, in August 1981. UTV Live covered the trial extensively with a special edition of UTV Live Tonight on the day of the verdict, detailing the background to the case and the painstaking police investigation.

UTV was delighted to secure the title of official Northern Ireland media partner for the 2011 MTV European Music Awards in Belfast – the biggest music event ever to take place in the city. We supported this fantastic event with a series of special on-air and online programmes and promotions, culminating in a special half-hour programme, 'The Day the Music Came to Town – 2011 MTV EMAs' the following night.

UTV Live Tonight has been a huge success with viewers since we launched two years ago. It provided an outstanding platform for current affairs in 2011 and achieved a 16% audience share.

We further strengthened our business coverage as we know the local audience wants more news on what is happening in our economy. In these times of economic challenges, UTV Live Tonight reflected the economic landscape we now live in, analysing the highs and lows of the business community.

Our staff were recognised in 2011 with two prestigious New York Festival, 'World Best Medals' as correspondent Mark McFadden

The Day the Music Came to Town

and executive producer Paul Clarke, picked up awards for their Insight Special, 'Bloody Justice'. The programme, which focused on the Bloody Sunday killings and the subsequent findings of the Saville Inquiry, also picked up the Chartered Institute of Public Relations (CIPR) Award for 'Best Current Affairs Programme of the Year'.

In February 2012, UTV's Insight into the paedophile priest, Brendan Smyth, won the Royal Television Society's Nation and Regions Current Affairs Award at a glittering ceremony in London.

Rob Morrison, UTV's Head of News and Content for the past 18 years retired at the end of 2011 and was given a 'Lifetime Achievement Award' for his services to the industry by the Chartered Institute of Public Relations (CIPR).

Sport

In sport, the extraordinary achievements of Northern Ireland golfers Rory McIlroy and Darren Clarke, who won majors during the summer of 2011 - the US and British Opens respectively - were ranked among the finest moments in Northern Ireland's sporting history. Our team captured the jubilant mood as the golfers came home to massive celebrations.

u.tv

The success was not matched by Ireland's rugby players, however, although they did impress until their quarter-final exit to Wales at the World Cup in New Zealand. UTV's sports reporter Ruth Gorman travelled to the Ireland camp in New Zealand reporting on their progression into the knock-out rounds.

Innovation

Our website, u.tv, experienced significant growth in 2011 with a massive 57% increase in visits during the year, while the number of unique users increased by almost 50%.

The surge in traffic was boosted by the pop star Rihanna's visit to Northern Ireland and the MTV EMAs, which saw large peaks. Across the year, viewers used the website to get the latest news updates, watch videos, see the best pictures and have their say on the big stories.

The year saw unprecedented use of social media which allowed our journalists to engage directly with the audience; for example through live 'tweeting' and discussions held online during and after certain programmes. As this activity increased, we developed a new infrastructure to allow us to better monitor our use of these social media outlets.

2011 also saw record numbers of traffic from mobile devices, complemented by the launch of dedicated UTV News Apps on multiple mobile platforms.

Work also continued towards the relaunch of the website with an overhaul of design and an expansion of content. This was completed and revealed in February 2012.

Since we introduced the UTV Player to our website, traffic has increased dramatically, with one in four visitors now viewing programming online.

Reflecting Northern Ireland

Outside news and current affairs, UTV continued to produce high quality programming that reflects the cultural make-up of our community.

VoteNI

Born Fighting was a two-part, co-production involving UTV, STV and The Smithsonian Channel which focused on the history of the Ulster Scots as they emigrated to the US.

UTV favourite, Lesser Spotted Ulster returned for its 13th series in 2011 as host, Joe Mahon went in search of the quirky, the unusual and the fascinating. More than 6,000 viewers sent in photographs of their favourite 'lesser spotted' places as part of an on-screen competition.

Wild About Ulster focused on Northern Ireland's wildlife in town and country. Ultimate Ulster returned for a third and final series in 2011 and was UTV's first HD commissioned programme.

Mourne was a one-hour compilation of popular short films showcasing the beauty of the Mourne Mountains and was a finalist in the prestigious New York Film and TV Awards.

Music From The Archives was a series of 12 half-hour programmes which started in 2011, while RPM returned with another series of the motorsport programme.

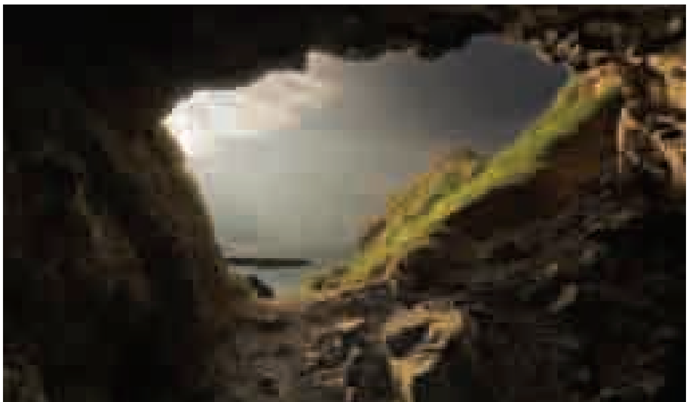
UTV is keen to represent all sections of our community and nurture future talent, so we were delighted to show Bold Voices, a new half-hour programme made by 68 young people in conjunction with Bold Voices Productions, exploring social issues.

In December, we showed a special half-hour programme, Bridie, the Girl from Donegal which told the story of singer Bridie Gallagher.

We continued to support several major events including the Belfast Mela, the largest multi-cultural event in Northern Ireland, the UTV Business Eye Awards and the Cinemagic Festival for Young filmmakers.

In addition, we linked up as media partner for the first time with Garden Show Ireland in Hillsborough in May, the new Dalriada Festival of Sport, Music and Fine Foods in Glenarm in June, celebrating the links between Northern Ireland and Scotland and the Fermanagh Sea Planes Festival in Enniskillen in September.

UTV viewers were also asked to nominate their unsung heroes as part of the ITV Network, Text Santa, charity initiative and entertainment event for Christmas.


Lesser Spotted Ulster

New Media

With close to 50 million page views every month, web traffic across the UTV Group is up 40% year on year. More than four million people are now visiting a Group website each month.

UTV Group Websites

UTV's Digital Agencies

Our full service digital agency, Tibus celebrated 15 years in business in 2011 with another strong year of financial performance, customer acquisition, ongoing innovation and industry accolades.

Already one of Ireland's leading businesses in the digital space, Tibus again developed its capability in the design and delivery of digital strategies for clients, including creative agency services utilising web, mobile, social media and online marketing.

Awards and industry recognition have followed this year, with titles secured for 'Global Site of the Year 2011', 'Best Use of Social Media' and 'Best Technology Site'. New customers in government and industry include significant players in the recruitment, tourism, arts, utilities, sports and financial services markets.

Tibus celebrates 15 years in business

2011 saw further investment in the development of our digital infrastructure offerings, with significant investment in cloud computing, virtualisation and streaming technologies setting the stage for future growth as the vanguard of hosting services. This investment paved the way for a number of major hosting infrastructure projects during the year for some of the world's largest companies and global brands, taking Tibus into new markets in the USA, Europe and Australasia.

We grew a fledgling opportunity in the connectivity space at the beginning of 2011 to create the world's first 10G 'super-speed' business park in Weavers Court, Belfast. This facility delivers a network that is used by world-class software, animation and media companies to communicate in high speed on a global scale. Working closely with Hibernia Atlantic, we connected the first ever customer to the Project Kelvin transatlantic fibre network in March and also broadcast the MTV EMAs from Belfast's Odyssey Arena to a global audience in a ground-breaking project in November. A further Project Kelvin initiative has seen the creation of the first true all-island internal network, which allows us to offer a range of attractive secure network services to enterprise and government clients which operate on a pan-island basis.

Tibus has also worked closely with other companies across the UTV Group, supporting the strong online growth of talkSPORT.co.uk and the UTV Player video platform. With the convergence of complementary technologies in TV, radio, web, social media and video, Tibus has delivered web and hosting infrastructures to meet the growing needs of an innovative, forward-thinking media business.

UTV acquires Simply Zesty

Simply Zesty

In March 2012, UTV acquired Simply Zesty, the market leading social media agency in the Republic of Ireland.

Simply Zesty is a successful Irish business with an international presence in the fast-growing social media sector. This acquisition strengthens UTV's existing New Media division and adds further impetus to our multi-media strategy.

Simply Zesty was set up in 2009 and employs 22 staff at its Dublin offices specialising in providing social media marketing services to assist businesses in creating innovative social media campaigns. With a blue chip client base of more than 100 companies, including Sony, Volkswagen Group and ebookers.com, Simply Zesty is also steadily building its international presence, which now represents more than 15% of revenues and is growing strongly.

The social media presence of UTV Media's radio and television stations in the UK and Ireland will also be enhanced by the acquisition of Simply Zesty, facilitating far greater integration of media across online and broadcast platforms.

Simply Zesty's proven social media expertise will ensure that advertising clients across the UTV Group, whose campaigns require the most effective multiplatform spread, will continue to be very well served.

UTV Internet

Our Internet Service Provider, UTV Internet remained focused on developing its business and consumer broadband bundles in the UK and Ireland.

In Northern Ireland, the availability of fibre-based broadband continued to exceed the rest of the UK improving access for UTV Internet customers. During the year, we were also able to increase the availability of 'next generation' broadband in Ireland, helping to improve speeds and access.

During 2012, UTV Internet will further expand into the SME connectivity marketplace with investment in products, services and sales.

Online Content Portals

Our property, jobs and car websites have all experienced significant year-on-year web traffic growth. UTV Drive led the way, with page views increasing by more than 60%.

PropertyPal.com

Traffic to PropertyPal.com increased by more than 30% during the year. In July, the company commissioned KPMG consultants to carry out market research comparing the website to its two nearest competitors. The report found that PropertyPal.com had 15% more properties for sale and 21% more properties to rent than its closest rival.

UTV and PropertyPal.com introduced an innovative advertising opportunity for estate agents in 2011. A dedicated '60 second' property commercial break was set up during UTV Live featuring homes for sale which were also highlighted on PropertyPal.com. On average, the individual properties featured benefited from a 600% increase in views. This innovative media campaign was a first in the UK breathing new life into the challenging property market.

PropertyPal.com was updated so that 'new developers' could advertise their homes online. This proved extremely successful in attracting a broad range of developers onto the site for the first time.

Recruit NI

Our jobs' portal enjoyed healthy growth in 2011 with the successful re-launch of the website in April. Web traffic to the site increased by more than 35% with a 50% increase in the choice of jobs available. The website will launch a new mobile App in the first half of 2012 to increase both page views and unique visitors.

UTV Drive

As part of the launch of its mobile App for cars, UTV Drive was the first to 'stream' the Circuit of Ireland on a mobile App. It was available on the website and on 3G with the event generating more than 15,000 streams on Easter Saturday, including a peak audience of more than 1,100 simultaneous users.

UTV Drive enjoyed significant growth in web traffic - with year on year page view figures in January 2012 showing a 64% increase. The mobile App now represents close to 15% of its web traffic and with a 30% increase in cars, additional new features and content are being developed for 2012.

PropertyPal.com

Board Of Directors

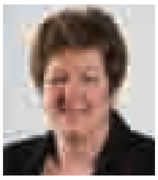
Non-Executive Directors

John B McGuckian, Chairman

Appointed to the Board: 1970
Age: 72
Qualifications: BSc (Econ)
External Appointments: Director, Cooneen Textiles Ltd; Chairman, ICG plc; Director, Kenlin Investments Ltd; Director, Regatta Fashions Ltd; Director, Harbour Group Ltd and Director, TVC Holdings plc.
Previous Experience: Chairman of International Fund for Ireland; Chairman of Industrial Development Board for Northern Ireland and Senior Pro-Chancellor and Chairman of the governing body of Queen's University, Belfast.

Roy Bailie OBE

Appointed to the Board: 1996
Age: 68
Qualifications: MBA
External Appointments: Chairman, The Baird Group Ltd; Northern Ireland Chairman, The National Trust and Chairman, NI Opera.
Previous Experience: Chairman, The Northern Ireland Tourist Board and Member of the Bank of England Court of Directors.



Helen Kirkpatrick

Appointed to the Board: 2007
Age: 53
Qualifications: BA (Hons) FCA
External Appointments: Director, Kingspan Group plc; Director, Crumlin Together Ltd.
Previous Experience: Board member, International Fund for Ireland; Director, Enterprise Equity Venture Capital Group; Director, NI-CO and Chairman, CAUSE (NI) Ltd.

Kevin Lagan

Appointed to the Board: 2003
Age: 62
External Appointments: Chairman and Chief Executive, Lagan Group of Companies.
Previous Experience: Director, Belfast International Airport and Director, Belfast Harbour Commissioners.

Shane Reihill

Appointed to the Board: 2008
Age: 46
Qualifications: MBA
External Appointments: Executive Chairman, TVC Holdings plc and Chairman, The Agency (Holdings) Ltd.
Previous Experience: Chairman, Norkom Group plc and Joint CEO, Tedcastle Holdings Ltd.

Note:
John B McGuckian, Kevin Lagan and Shane Reihill resigned from the Board on 23 February 2012 and Helen Kirkpatrick was appointed Interim Chairman on that date.

Executive Directors

John McCann, Group Chief Executive

Appointed to the Board: 1992
Age: 58
Qualifications BSc (Econ) FCA
External Appointments: Director, Northern Bank; Director, Business in the Community NI and Director, ITV Network Ltd and Council Member of the Chartered Accountants of Ireland.
Previous Experience: Managing Director, UTV plc; General Manager, Ulster Television plc; Financial Controller/Company Secretary, Ulster Television plc and various senior positions at the Industrial Development Board for Northern Ireland and Ernst & Young.

Scott Taunton, Managing Director UTV Radio GB

Appointed to Board: 2005
Age: 41
External Appointments: Director, First Radio Sales Ltd and Trustee of the Radio Academy.
Previous Experience: Group Business Development Director, UTV Media plc; Managing Director, UTV Internet Ltd; General Manager, DNA Ltd.

Norman McKeown, Group Finance Director

Appointed to the Board: 2009
Age: 54
Qualifications: BSc (Econ) FCA
Previous Experience: Managing Director, Sepha Ltd; Group Finance Director, Lamont Holdings plc; Divisional Finance Director, Scottish & Newcastle plc and Bass plc.

Jim Downey, Group Commercial Director

Appointed to the Board: 2000
Age: 65
Qualifications: FCCA
Previous Experience: Financial Controller, UTV Media plc and various senior positions at Viridian Group plc.

Note:
Jim Downey retired on 31 December 2011.

Membership Of Board Committees *

Audit Committee

H Kirkpatrick	(in the Chair)
K Lagan	

Remuneration Committee

K Lagan	(in the Chair)
H Kirkpatrick	

Nomination Committee

J B McGuckian	(in the Chair)
K Lagan	
H Kirkpatrick	

* Throughout the year ended 31 December 2011

Corporate Governance

UTV Media plc is fully committed to maintaining the highest standards of governance and integrity in the Group and this report describes how the main principles of the UK Corporate Governance Code (the "Code") have been applied in the Group with the detail outlining the corporate governance arrangements that prevailed across the Board during 2011. An explanation of the basis on which the Company generates or preserves value over the longer term and the strategy for the Company is contained within the Business Review on pages 5 to 9. The directors' statement regarding going concern is contained within the Financial Review on page 13.

The current Board has carefully considered the corporate governance arrangements that were in operation during 2011 and considers that UTV Media plc substantially complied with the requirements of the UK Code throughout the year ended 31 December 2011.

However, the current Board recognises that the removal of J B McGuckian from his position of Chairman of the Group on 23 February 2012 and the appointment of H Kirkpatrick as Chairman on an interim basis did not comply with the recommendations set out in the Code. The Board very much regrets that as a result of the increasing lack of independence of J B McGuckian it became necessary to take such action to remove J B McGuckian as Chairman as a result of his close relationship with S Reihill and TVC Holdings plc. A full explanation of the reason for such action being taken and the necessary departure from best practice under the Code are set out at the end of this section.

Having acted decisively to remove J B McGuckian as Chairman and following the resignation of S Reihill, K Lagan and J B McGuckian as Directors, the current Board is fully committed to ensuring the highest standards of corporate governance in the future. In this regard, H Kirkpatrick is actively seeking to reconstitute the Board through the appointment of a new Chairman and additional independent non-executive Directors in order to ensure that the requirements of the Code can be fully satisfied in the future.

Board Structural Arrangements

Composition: During the year, the Board was comprised of five non-executive Directors including the Chairman and four executive Directors including the Chief Executive. The Corporate Governance Code principles recommend that smaller companies, which are defined as being below the FTSE 350 throughout the year immediately prior to the reporting year, should have at least two independent non-executive Directors, and UTV Media plc is considered as a smaller company. Of the four non-executive Directors who served on the Board during the period, two, Kevin Lagan and Helen Kirkpatrick, were considered to be independent under the Code. Both R E Bailie and S Reihill would not be considered as independent as defined in the Code, as R E Bailie has served on the Board for more than nine years and S Reihill is a Director of TVC Holdings plc which was a material shareholder of UTV Media plc.

Conflict of Interest: The Articles of Association allow the Board to authorise any actual and potential conflict of interest that may arise and to impose such limits and conditions as it thinks fit. Conflicts of interest can only be authorised by those Directors who do not have an interest in the matter being considered, and in making such a decision, the Directors must act in a way they consider, in good faith, will most likely promote the success of the Group. The Group has established a procedure whereby any actual and potential conflict of interest is advised to the Company Secretary and then considered by the Board. Actions arising from this consideration may include the exclusion of potentially conflicted Directors from specific Board discussions and associated decision-making.

Tenure and Election: The Corporate Governance Code principles for smaller companies do not expect the annual re-election of all Directors. Accordingly, non-executive Directors are appointed for a three-year term. Reappointment is not automatic and a Director must submit to re-election for each further three-year term up to nine consecutive years. For any non-executive Director who has served on the Board for a period greater than nine years, the Director submits to re-election on an annual basis. The terms and conditions of appointment for non-executive Directors are available upon request to the Company Secretary and are available at the Annual General Meeting. Under the Company's Articles of Association the executive Directors do not retire by rotation but submit to re-election on a three-year basis, and on an annual basis when they have served on the Board for more than nine years.

Insurance and Indemnities: The Directors and Officers of the Group have the benefit of a Directors' and Officers' liability insurance and the Group has entered into deeds of indemnity with its Directors.

Arrangements for the Operation of the Board and Committees

Board Responsibilities: The Board is responsible to its shareholders for the leadership, control and management of the Group. The Board has a formal schedule of matters specifically reserved to it for decision. The matters include setting and monitoring strategy, examining new business proposals / major acquisition possibilities, ensuring adequate funding, approving annual budgets, reviewing trading performance, assessing and maintaining the effectiveness of internal control, maintenance of corporate governance standards, formulating policy on key issues, setting dividend policy, reviewing financing structures, and ensuring the appropriate level of reporting to shareholders. The non-executive Directors have a particular responsibility in bringing independent, objective judgement and scrutiny to all matters using their wide-ranging experience to ensure that the strategies proposed by the executive Directors are fully considered, that the performance of management is appropriately scrutinised and that financial information is accurately reported. The Chairman ensures that the Directors take independent professional advice as required to assist them in satisfying these responsibilities.

Role of the Chairman and Chief Executive: The roles of the Chairman and the Chief Executive are separately held, defined in writing and approved by the Board. The roles ensure that there is a clear division of responsibilities between them. The Chairman is responsible for the leadership of the Board ensuring its effectiveness in setting strategy and giving clear direction. The Chairman is responsible for setting the Board agenda which is primarily focused on strategy, accountability, competitive performance and value creation, balanced with determining the nature and extent of the risks that the Board is willing to embrace in the implementation of its strategy. The Chairman also sets the style and tone of Board discussions to encourage active, constructive debate and effective decision making founded on mutual respect and open communication between the non-executive and the executive team. The Chief Executive is responsible for running the Group's business and achieving targeted performance through the delivery of the overall strategy as agreed by the Board.

Board Committees and Delegation: The Board has established three Committees to assist in the execution of certain responsibilities with regard to (i) internal control, risk management and corporate governance, (ii) remuneration policies for Directors and (iii) appointments to the Board. These Committees are the Audit Committee, the Remuneration Committee and the Nomination Committee. Each Committee has terms of reference under which authority is delegated to it by the Board and these are available on the website: www.utvmedia.com. The Chairman of each Committee reports to the Board on its discussions and the Committee meeting minutes are circulated to all Directors.

The Board has delegated responsibility for the management of the Group, through the Chief Executive, to executive management and the Chief Executive is accountable to the Board for the authority delegated. The Chief Executive heads the executive Management Committee which comprises the executive Directors and members of the senior management team. This Management Committee meets formally throughout the year and frequently on a more informal basis, as is required to conduct Group business, review Group performance and manage risk.

Review of the Board Skills, Activities and Assessment of Performance

Board Skills and Experience: Biographies of all the Directors are detailed within the section on the 'Board of Directors' and these demonstrate a range of experience and skills which brings judgement on issues of strategy, performance, resources and standards of conduct, which are vital to the success of the Group. The previous Chairman and the non-executive Directors during the period, R E Bailie, K Lagan and S Reihill, have extensive experience in business having held major shareholdings in long established and successful businesses across a range of different industries. As heads of their companies, these Directors bring to the Group their considerable business skills associated with leading such organisations. The non-executive Director H Kirkpatrick is a key business development advisor to companies across Northern Ireland specialising in corporate finance opportunities and has a widely recognised expertise in corporate governance issues.

Meetings and Attendance: The number of meetings of the Board and its Committees in 2011, and the attendance by the members is outlined in the following table:

	The Board	*Audit Committee*	*Remuneration Committee*	*Nomination Committee*
Number of meetings	**10**	**4**	**4**	**0**
J B McGuckian	10	-	-	0
R E Bailie	9	-	-	-
K Lagan	9	4	4	0
H Kirkpatrick	10	4	4	0
S Reihill	10	-	-	-
J McCann	10	-	-	-
J R Downey	9	-	-	-
S Taunton	10	-	-	-
N McKeown	10	-	-	-

Board Meetings: Board meetings are structured around the areas of operational performance and financial impacts, strategy development including acquisitions and associated risks, and functional updates for each of the businesses. To enable the Board to discharge its duties in relation to these areas, all Directors receive appropriate and timely information including the Chief Executive's report, monthly management accounts, budget reports and regular operational reports for each Business Division containing key metrics. This information enables them to review and assess the Group and management's performance against agreed objectives. Briefing papers are distributed by the Company Secretary to all Directors in advance of Board meetings and where considered appropriate, the management team who are responsible for operational decisions and the functioning of the principal activities, will present to the Board. All Directors have access to the advice and services of the Company Secretary who is responsible for advising the Board on governance matters and for ensuring that Board procedures are followed.

Nomination Committee: The Nomination Committee is responsible for reviewing the size, composition and diversity of the Board and the skills of individual members. As required, the Committee is responsible for proposing candidates for appointment to the Board, having regard to the balance and structure of the Board. In so doing it considers the skills, knowledge, diversity, experience and time commitments of any proposed candidates. It has the power to employ the services of such advisers and to take such soundings within and outside the Group as it deems necessary to fulfil its responsibilities. Major shareholders are given the opportunity to meet with newly appointed non-executive Directors. The Nomination Committee also has responsibility for reviewing any succession planning issues with regard to executive and non-executive Directors.

On joining the Board, the Nomination Committee requests that the Company Secretary provides the non-executive Director with appropriate induction and training as necessary. They are given a comprehensive introduction to the Group and various documents are provided describing the Group's activities, financial information and terms of reference for the Board and its Committees. Induction visits are arranged to the various Business Divisions. Continuing development and update is facilitated throughout the year, tailored to individual needs,

Corporate Governance

including briefing sessions from various professional and regulatory bodies and continued visits to the various Business Divisions.

During 2011, the Nomination Committee was chaired by J B McGuckian and its other members were K Lagan and H Kirkpatrick both of whom were deemed as independent non-executive Directors. The Nomination Committee did not meet in 2011.

The Nomination Committee did not meet to discuss the proposal to replace J B McGuckian as Chairman of the Group, given that the composition of the Committee would mean that the formal discussion of the proposal within this Committee was not practicable. However, the proposal was discussed with both H Kirkpatrick and K Lagan, the two other members of the Committee.

Following the resignation of J B McGuckian, S Reihill and K Lagan, the Nomination Committee currently comprises of H Kirkpatrick and R E Bailie.

Remuneration Committee: The Remuneration Committee is responsible for making recommendations to the Board within agreed terms of reference, on the Group's framework of executive remuneration and its cost. The Board approves the remuneration policy each year and considers whether the policy should be put to the shareholders at the Annual General Meeting. The Committee determines the contract terms, remuneration and other benefits for each of the executive Directors, including performance-related bonus schemes, pension rights and compensation payments. It also considers the remuneration of senior management within the Group. The Board itself determines the remuneration of the Chairman and non-executive Directors. The Committee is advised as required by a leading firm of independent remuneration consultants who have no other connection to the Group. The Remuneration Committee was chaired by the independent non-executive Director, K Lagan and its other member was H Kirkpatrick, both of whom were independent non-executive Directors. The Remuneration Committee met four times in 2011 and further details of its activities are provided in the section on the 'Report of the Board on Directors' Remuneration'.

Following the resignation of J B McGuckian, S Reihill and K Lagan, the Remuneration Committee currently comprises of H Kirkpatrick and R E Bailie.

Audit Committee: See the Audit Committee Report below.

Board Effectiveness Evaluation: The Board has established a framework that is structured to facilitate a formal process for the annual assessment of the performance and operations of the Board, its Committees and of each individual Director. The Board assessment is structured to include a review of areas such as constitution, balance of different but complementary skills, diversity issues and the prevailing culture and tone of the Board. The assessment of the individual Directors is structured to review their engagement and commitment to their role as a Director, how they contributed to the Board and the impact of their performance. Particular attention will always be given to those Directors who are due for re-election or whose tenure is greater than nine years. The assessment of the Chairman is structured to be undertaken by the Senior Independent Director and the other non-executive Directors.

The assessment exercise has not been undertaken due to significant changes in the composition of the Board and Committees since the year end.

Report of the Audit Committee

Composition: The Audit Committee was chaired by the independent non-executive Director, H Kirkpatrick and the other member, K Lagan was also an independent non-executive Director. The Board has satisfied itself that all members of the Audit Committee had recent and relevant financial experience. The Committee met four times in 2011 and attendance details are in the table above. The Committee provides a forum for reporting by the Group's External and Internal Auditors. By invitation, the meetings may also be attended by the Chairman and the other non-executive Directors, the Chief Executive, the executive Directors, the Group Internal Auditor and representatives of the External Auditors. Other members of the senior management team will attend when necessary. The Committee also meets separately with the External Auditors and the Group Internal Auditor.

Following the resignation of J B McGuckian, S Reihill and K Lagan, the Audit Committee currently comprises H Kirkpatrick and R E Bailie.

Responsibilities: The Audit Committee is responsible for reviewing a wide range of matters including the half-year and annual financial statements before their submission to the Board, and monitoring the controls which are in place to ensure the integrity of any financial information reported to the shareholders. The Audit Committee also reviews the effectiveness of the internal control and risk management systems operated in the Group prior to endorsement by the Board.

The Audit Committee keeps under review the effectiveness of the External Auditor's work in terms of scope, results of the audit and cost effectiveness. It advises the Board on the appointment of External Auditors and on their remuneration both for audit and non-audit work. The Audit Committee also keeps under review the independence and objectivity of the External Auditors by regularly monitoring the other services being provided by them to ensure that this does not impair their independence and objectivity and it asks the auditors to explicitly confirm that they comply with relevant UK professional and regulatory standards, to ensure that their objectivity is not compromised.

The Audit Committee reviews the arrangements by which staff may raise concerns in confidence about possible improprieties in all matters and these arrangements are defined in the UTV Public Interest Disclosure ('Whistleblowing') Policy which was updated in the year.

Activities in 2011: The Audit Committee works to a structured programme of activities with agenda items focused to coincide with key events in the annual financial reporting cycle, together with standing items that the Committee is required to consider regularly. The Audit Committee met four times and discharged its responsibilities by:

- Reviewing the Financial Statements issued by the Group for both interim and final results prior to Board approval and discussing with the executive Directors and the External Auditors the appropriateness of the Group's accounting policies, significant estimates and judgements, whether the financial statements gave a true and fair view and the appropriateness of the going concern assumption.
- Considering guidance and updates issued by the Financial Reporting Council in respect of issues arising in respect of the current economic climate.
- Reviewing the effectiveness of the internal controls over financial reporting.
- Reviewing the effectiveness of the internal control and risk management systems operated in the Group prior to endorsement by the Board by considering the Group senior management team's risk assessment processes and the effectiveness of controls to mitigate those risks.
- Reviewing and approving the scope and approach of the annual external audit plan for audit work issued by the External Auditors. Reviewing the reports on their work and addressing any significant findings raised in the Management Letter.
- Ensuring that the policy determining the non-audit services that can be supplied by the External Auditors was complied with. Further information on this is provided in the Auditor's Independence and Objectivity section below.
- Reviewing the effectiveness, performance and fees of the External Auditors and satisfying itself as to their continuing independence and rotation of audit partners. The External Auditors are Ernst & Young LLP and the Committee was satisfied with their effectiveness and independence and has not considered it necessary to require a tender process. The current audit partner became the audit partner for the Group in 2008 and is required to be rotated on a five-year basis.
- Reviewing and approving the Internal Audit function's strategic plan and annual operational plan and monitoring the on-going progress of delivery throughout the year. Considering the Internal Audit reports and assurance levels, the recommendations made and the proposed actions to be taken by management to implement recommendations. Monitoring the progress actively made in the implementation of recommendations. Reviewing the effectiveness and performance of the Internal Audit function.
- Meeting privately with the Group Internal Auditor and the External Auditors without the executives being present and discussing any issues arising in the course of performing their duties and their work undertaken.
- Satisfying itself that the arrangements for staff to raise valid concerns in confidence were appropriate. There were no issues raised by this mechanism in the year.

Auditor Independence and Objectivity:

The Audit Committee has developed a policy to regularly monitor the non-audit services provided by its External Auditors and sets out the strict conditions that must be met for the provision of their services and lists the types of work that are allowable and that which is prohibited. This policy ensures that the Committee can satisfy itself that the independence and objectivity of the External Auditors has not been impaired. The policy covers factors such as approval levels dependent on the type of work and the proposed fee. All non-audit engagements must, as a minimum, be notified to the Audit Committee and may require their prior approval. Details of the fees paid to the External Auditors, including fees for non-audit engagements are set out in a Note to the Financial Statements. The policy is available on the corporate website: www.utvmedia.com.

Internal Control

Internal Control Procedures: A key element of the Corporate Governance framework is the establishment of internal control procedures in accordance with the Turnbull guidance. The Board has overall responsibility for the Group's system of internal control with the primary responsibility for the operation of the internal control systems being delegated to the executive management. Such internal control systems are designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. Controls are monitored by a number of different parties including all levels of management, by the executive Directors, and by the Internal and External Auditors. The Audit Committee assists the Board in reviewing the Group's system of internal controls, both financial and operational with these parties and considers the relevant action needed in respect of any control issues raised by the Internal and External Auditors. The principal procedures which operated over the period covered by the financial statements, and up to the date of signing the accounts, can be summarised as follows:

Business Planning and Financial Review Process

The Board undertakes a comprehensive review of the financial cycle and following on from the annual business planning review, approves the annual budget. The Board is provided with relevant, accurate and timely information on key performance metrics enabling performance to be monitored monthly, compared to budget and to the prior year. The reasons for variances are explained and relevant action is taken swiftly, allowing updated forecasts to be produced and tracked, as applicable, throughout the year.

Management Structure and Delegation of Authority

The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board. Each executive Director has been given responsibility for specific aspects of the Group's affairs with clearly stated lines of responsibility and reporting, supported by a framework for delegation of authority and authorisation to incur expenditure. The executive Directors together with the senior management team constitute a Management Committee which meets to discuss day-to-day operational matters. The Board considers the quality and integrity of its management team as an essential part of the control environment and the ethical standards expected are communicated through a formal Code of Business Conduct which allows staff to raise concerns in confidence.

Corporate Governance

Reviewing the Controls over Financial Reporting

The Audit Committee's role includes monitoring the integrity of the Group's financial statements and other formal announcements relating to the Group's financial performance. In addition to considering internal controls over the underlying financial reporting systems, as part of its review of the effectiveness of the systems of internal control, the Audit Committee considers the appropriateness of the Group's accounting policies, (including changes thereto), reviews significant judgements reflected in the Group's financial statements and considers guidance issued by the Financial Reporting Council. Compliance of the financial statements with legislation, regulation and accounting standards is managed by the Group's Finance function, which includes professionally qualified accountants who keep fully updated on developments in financial reporting.

Risk Management

The Board of Directors is collectively responsible for identifying the major business risks faced by the Group and for determining the appropriate level of controls and procedures to manage, monitor and mitigate the risks. Throughout the year, these risks are reviewed regularly by the Board assisted by periodic reports from senior management updating the Board on newly identified risk areas, how these are currently being addressed and any further actions or controls that are due to be established. Supporting the Board level review of risk, the senior executive team are responsible for ensuring that an appropriate framework for managing risk is operating effectively throughout the Group's operations and activities. They discharge this responsibility by establishing an ongoing risk assessment process whereby key risks in each Business Division are kept under regular review and monitored throughout the year by the Head of each Division. This ensures that the key risks are given the due level of focus and that responsive action plans are developed and implemented in each Business Division. Significant risks are reported to the Board and Audit Committee by the executive Directors and form an integral part of the meetings. Various outputs from the ongoing risk assessment process are considered in the development of the internal audit plans and assist the external audit function in planning their work.

Monitoring and Reviewing Internal Controls

The Board has overall responsibility for the system of internal control in the Group and for reviewing the effectiveness of the systems including financial, operational and compliance controls. The Audit Committee has assisted the Board in their review of controls and of the risk management systems established and have reported their findings to the Board after considering the following:

- The reports from the Internal Auditors and monitoring the progress made against actions arising from those reports.
- The reports from the External Auditors and relevant regulatory bodies.
- Regular reports from the executive Directors on their risk assessment processes and the effectiveness of controls to mitigate those risks identified.
- Meeting privately with the External and Internal Auditors to discuss any issues arising during their work.

Based on the review conducted by the Board on the effectiveness of the Group's systems of internal control, the Board has concluded that the Group has complied with the internal control and risk management requirements of the Corporate Governance Code throughout the year.

Communications with Shareholders

Presentations and Meetings: Communications with shareholders are given high priority with presentations made for the interim and final results. These and other information of interest to shareholders are contained on the corporate website: www.utvmedia.com. The Board uses the Annual General Meeting, which is attended by all Directors, to communicate with private shareholders and institutional investors and welcomes their participation. In line with the Corporate Governance Code, the publication of the Annual Report and Financial Statements will be notified to shareholders at least 20 working days before the Annual General Meeting. Details of the resolutions to be proposed at the Annual General Meeting can be found in the Notice of the meeting and all resolutions are taken on a poll. For proxy votes on each resolution, these are declared at the Annual General Meeting after the vote from the shareholders present.

Shareholder Concerns: The Senior Independent Director is available to shareholders for concerns which cannot be resolved by contact with the Chairman or the Chief Executive. Throughout 2011, K Lagan, an independent non-executive Director, has been designated as the Senior Independent Director and no concerns had been raised with him.

Following the resignation of K Lagan in February 2012, R E Bailie has been designated as the Senior Independent Director on an interim basis until the new independent non-executive Directors are appointed.

Helen Kirkpatrick
Chairman of the Audit Commitee
29 March 2012

Developments since the Year End

On 23 February 2012, J B McGuckian was removed from his position as Chairman of the Group by a majority of the members of the Board consisting of R E Bailie, H Kirkpatrick, J McCann, S Taunton and N McKeown. Immediately following this, J B McGuckian, S Reihill and K Lagan resigned as Directors of the Group.

The Board very much regrets that it was necessary to take steps to remove J B McGuckian as Chairman of the Group, in particular given his long and successful period as a Director and Chairman of the Group. However, the Board considered that the close association between J B McGuckian and TVC Holdings plc had compromised his independence to the extent that they no longer considered it appropriate for him to continue as Chairman. The Board considered the situation had become a serious impairment on the ability of the Board to act in a manner that they considered to be in the best interests of the Group and all of its shareholders.

H Kirkpatrick, an existing independent non-executive Director agreed to undertake the role of interim Chairman and immediately began the search for a new independent non-executive Chairman and at least two independent non-executive Directors. During this period R E Bailie, a non-executive Director, and the interim Chairman will act as members of the Nomination Committee, the Audit Committee and the Remuneration Committee.

The Board fully recognises the requirement to appoint a new Chairman and independent non-executive Directors in order to ensure that the composition of the Board and its Committees complies with the Corporate Governance Code in the future. The Board recognises the importance of securing those appointments as soon as suitable candidates can be identified and is actively engaged in searching for such candidates.

Corporate Social Responsibility

Governance Framework for Corporate Social Responsibility

The Group aims to conduct its business activities in a highly responsible manner that creates a positive impact on the community, its people and the environment it operates in through its Corporate Social Responsibility (CSR) activities. The ongoing commitment to CSR is evidenced by continued membership and compliance with the FTSE4Good Index Series which lists the Group as having a low-impact on the environment. The key issues and activities covered in the Group's CSR agenda include:

- The Group's impact on its staff and people
- The Group's impact on its viewers, listeners and regulators
- The Group's impact on its commercial associates
- The Group's impact on the community and society
- The Group's impact on the environment

The Group Chief Executive is responsible for reporting CSR performance directly to the Board and ensures that the CSR agenda is delivered collectively at an executive level through the senior management team, representing each Business Division. This team is responsible for reviewing and prioritising CSR issues, establishing policies and strategies to deliver the CSR agenda and ensuring that the various targets are met.

Staff and People

Organisational Structure and Staff

The difficult economic environment for the media industry continued to have an impact on staffing structures and skills in 2011. The Group's people-strategy focused on ensuring that the best people were used in the most appropriate roles providing the necessary skills, knowledge and experience to meet the business needs and operational requirements.

The Group's policies, practices and procedures continued to be reviewed, revised and updated in line with legislative requirements and best practice. The Group recruited for a number of new positions across a broad range of roles and cross platform functions during the year and dealt with a number of succession planning issues to ensure that present and future business needs and operational requirements were met.

The Group facilitates the training and development of staff to ensure that they have the skills and experience to carry out their roles by offering a full range of development interventions, both on and off the job, including coaching, work shadowing, mentoring, customised training programmes, online training resources and company-funded further education programmes. During the year staff received training covering a broad range of areas/skills, such as cross platform skills, HD skills, on-screen presentation, health and safety, recruitment and selection, professional updates, management development, sales, environmental issues and web development.

Communication and Participation with Staff

The Group is committed to open and collaborative working with staff, engaging in consultation via the establishment of joint committees attended by staff and senior management. The joint committees review matters relating to health and safety, environment, information technology, operations and sports / social activities. The Group also operates a Staff Representative group and holds information and consultation meetings with staff on issues of strategic and key operational importance. There are regular staff bulletins, face-to-face briefings and union involvement as appropriate. The Group ensures that there are regular feedback sessions with staff on both a formal and informal basis and maintains an open and participative approach to communication and feedback.

Performance and Recognition

The Group encourages open, face to face communication between staff and their line managers about performance standards, training, recognition and reward. Attractive remuneration packages are offered, including both financial and non-financial benefits. A Share Incentive Plan for staff was introduced in 2011. Flexible working arrangements are offered where appropriate including reduced hours, part time hours and job share. The Group is a member of Employers for Childcare and offers a salary sacrifice childcare voucher scheme for staff.

Diversity in Employment

The Group is committed to providing equality of opportunity to all employees and job applicants and recognises the importance and contribution of diversity in the workplace. All employees and job applicants are treated fairly in selection for employment, promotion and training being based on an individual's aptitude and ability irrespective of gender, marital / family status, religious belief, political opinion, disability, age, nationality, race / ethnic origin or sexual orientation. The Group fully accepts the need for openness in all matters of equality and consults with staff representatives on matters relating to the effective implementation of equality policies. The Group ensures that appropriate training is given to staff with regard to diversity. In 2011 UTV launched a new Dignity at Work policy, held programmes for line managers and staff on Dignity in the Workplace and trained a group of Equality Advisors.

All new staff are issued with the Group's Code of Business Conduct and all relevant equality policies. Disciplinary and grievance processes are in place to deal appropriately with instances of unethical or discriminatory behaviour. The Group's whistle-blowing policy was updated in 2011 in line with best practice and legislative change.

Health and Safety Care for Staff

The Group recognises it has responsibilities for aspects of staff welfare, most importantly in protection of their health and safety in the workplace. The Group employs the services of an external company, which is a health and safety consultancy, to ensure that it remains compliant with health and safety legislation requirements and it also provides regular training to staff. Regular risk assessments are undertaken of all operating locations, especially in outside broadcasting locations where there can be significant hazards and involvement with the public and subsequent procedures are drawn up.

Every effort is made to continue strengthening and formalising the governance structure for the coordinated management of health and safety across the Group. Standardised documentation and reporting procedures have been applied across the Group providing the necessary documentary evidence to support an annual assurance assessment report for the Board. All health and safety incidents, accidents and near misses are reported and the Group uses this information to monitor performance. The health and safety incidents in the year are summarised in the tables below.

	2011	2010
Total number of accidents reported		
Number of fatalities	-	-
Number of serious incidents	-	-
Number of minor incidents	11	21
	11	21
Accidents to staff	11	21
Accidents to public	-	-
Accidents to contractors / other third parties	-	-
	11	21
Accident causes		
Slips, trips and falls	10	5
Lifting and carrying	-	1
Hit by objects	1	1
Other	-	14
	11	21

2010 data restated to correct for erroneous omission of data

Viewers, Listeners and Regulators

Broadcasting Commitments and Content

The Group recognises the impact that broadcasting operations can have on society and accordingly the quality and content of its output is of utmost importance. Reflecting this impact, the Group is subject to stringent regulatory broadcasting codes and requirements that have been established in the media industry and includes regulation by independent regulatory bodies of Ofcom, the Broadcasting Authority of Ireland (BAI), the Advertising Standards Authority (ASA), the Committee of Advertising Practice, the Press Complaints Commission and the Authority for Television on Demand (ATVOD) which is responsible for regulating all UTV Television content on the UTV Player on the u.tv website.

Across the Group there is a strong awareness of the regulatory standards which must be adhered to as licensed broadcasters, as well as the importance of retaining loyalty, trust and interaction with the audience through the integrity of output. This is reflected in the low number of complaints received from viewers and listeners across the Group.

Radio GB meets the regulatory license requirements of Ofcom through its ‘Proud to be Local’ commitment, ensuring that the local radio stations go above and beyond the requirements for local output and that the unique licence requirements for talkSPORT, with its rolling talk format, are fully adhered to. Radio GB recognises the importance of complying with the requirements of Ofcom, the ASA and other statutory authorities for editorial and advertising output, enjoying an excellent compliance record in 2011. To support this, a rolling programme of compliance training sessions across all business units was undertaken with sessions covering issues such as harm and offence, commercial references and libel / defamation. This reflects the commitment to maintaining not only legal and regulatory obligations but also the understanding of the importance of retaining the trust of listeners and readers of its content.

UTV Television has provided a high quality regional television programme service throughout 2011, reflecting local life and events through news, current affairs and non-news programming. UTV’s programme output exceeded all minimum licence requirements set by Ofcom, being four hours of news, 30 minutes of current affairs and 90 minutes of non-news items per week. As part of the ITV Network, the targets of 10% of output being audio described and 5% being visually signed were exceeded. Additionally, more than 99% of local programming subtitling was achieved against a regulatory requirement of 90%. All UTV output is scrutinised by both the Regional Advisory Committee and the Religious Advisory Panel. The Regional Advisory Committee is chaired by a UTV Media plc board member and attended by Managing Director, Television, Head of News and Content, and the Head of Communications.

Radio Ireland stations are licensed by the Broadcast Authority of Ireland (BAI), who carry out regular monitoring to ensure compliance with agreed programming commitments as well as adherence to the Broadcast Acts and Advertising Standard Codes. All stations have an excellent record of compliance due to the implementation of strict clearance procedures at a local level as well as ongoing training in areas of libel and defamation for staff involved in the news and current affairs. The BAI introduced a generic complaints procedure across the industry during 2011 and all Radio Ireland stations played an active role in the development of the initiative and in its successful implementation. Radio Ireland is committed to the development and promotion of the radio medium in Ireland and as a result, senior staff have an active role on all industry bodies. The head of Q102 continues to be the Chairman of the industry’s representative body, IBI.

Audience Involvement

Audience interaction is key to the radio output, particularly at talkSPORT. In December 2011 a market-leading studio system for listener text and social media interaction was implemented. This system further strengthens compliance procedures for competitions and audience interactivity. Extensive training was provided to staff to assist with the rollout of this new system. Additionally, any activity using Premium Rate telephony is managed in accordance with the UK commercial radio industry’s voluntary “Editorial Trust” and “Premium Rate Services” Codes of Conduct. Radio GB also has an internal group audience interaction and competitions compliance policy, which was

Corporate Social Responsibility

updated in December 2011. This sets out the Division's approach to running competitions, telephony systems and audience communications with the high levels of professionalism, honesty and integrity required by regulators and expected by audiences. UTV Television is committed to the promotion of audience interaction online. Programme information is available on the website to further engage with viewers and receive valuable feedback. Since the introduction of the UTV Player to the website, traffic has increased dramatically with one in four visitors now viewing programming online. This is set to grow further as UTV drives forward its new UTV Everywhere digital initiative, a business to business web service launched in June 2011, offering UTV Player local content to websites worldwide free of charge. UTV Everywhere is aimed at enhancing the online experience for users of partners' websites, bringing up to the minute video content about Northern Ireland to the widest possible audience. UTV video clips are also available on many digital platforms from PS3 to iPhones and it is intended to keep developing solutions for content to be shown on new platforms as they emerge and offering a real alternative means of viewing for users in a digital world. Significant investment is made in adopting the social media platform for communication via Facebook and Twitter interactions.

Digital Issues

Northern Ireland is the final region to undergo Digital Switchover (DSO) in the UK and UTV Television is keen to ensure that its viewers are well informed as to the switching off of the analogue signal in October 2012. Best practice from other regions within the UK, which have already successfully switched over to digital, will be implemented to ensure minimal disruption for viewers. Digital UK is driving the campaign for DSO and UTV is working closely with the Northern Ireland team.

Commercial Associates

As a commercial organisation the Group pursues the best possible economic returns for its shareholders and in making these economic decisions, it takes due regard of the impact that they may have on other stakeholders including staff, customers and suppliers. The Group operates under its formal Code of Business Conduct which outlines the fundamental values and principles it expects staff to uphold in all aspects of their operational activities and these specifically include the ethical conduct expected to be demonstrated in engagements and relationships with its customers and suppliers.

The main customers of the Group are the advertisers, both agency-sourced and directly-sourced. The Group has a variety of suppliers who are key to its businesses and their outputs. For broadcasting operations Arqiva is the main provider of transmission capabilities and the major telecoms companies facilitate the various services offered by the new media business. ITV, ITN, IRN, the Football Association and the Football Premier League are some of the key suppliers in the provision of programming and content on radio and television. Behind the scenes, the technology for assisting in the production of output such as editing, playout and traffic management is provided by a small group of niche suppliers. The Group in acknowledging the level of reliance placed on these suppliers in the delivery chain and the inherent risks associated with such reliance, endeavours to manage these relationships and risks through long term contracts. There are also service expectation agreements covering performance levels and this assists in nurturing a close and constructive working relationship with each of the suppliers.

The Group conducts its business with a diverse range of suppliers and aims to treat all in a consistent and fair manner both in their selection and in the ongoing trading arrangements. The Group selects suppliers on the basis of quality, value for money and the environmenta/social responsibility of the products and services being supplied. All suppliers that are subject to a tender process are asked to provide details of their environmental approach via a structured questionnaire and this forms part of the evaluation criteria. The Group aims to support the local economy by sourcing much of its goods and services from local suppliers, balanced with the need for effective and economic procurement arrangements. The Group's specialist suppliers include local independent production companies which supports the continued development of these small ventures.

Community and Society

Media Accessibility and Investment

Promoting media literacy is at the heart of the Group's activities and staff regularly attend and contribute to conferences, seminars, community events and chair various panels including the Northern Ireland Skillset Media Academy Industry panel. On a weekly basis, UTV opens its doors to groups from the community to promote an insight into media operations across the various media platforms. Senior staff have addressed seminars with students studying for an MA in Documentary Production at the University of Ulster and assisting students with their development and understanding of media theory and practical skills.

Support for the Business Community

UTV Television secured the title of official Northern Ireland media partner for the 2011 MTV EMA in Belfast, the biggest music event ever to take place in Belfast. This event was supported with a series of special on air and online programmes and brought huge investment and revenue into Northern Ireland. Additionally, UTV continues to support the local business community through the UTV Business Eye Awards celebrating the best of the Northern Ireland business community giving local companies a chance to gain recognition for their outstanding work.

The Group Chief Executive is on the Board of Business in the Community (BITC) and this year UTV participated in the BITC Graduate Acceleration Programme which is centred on giving graduates meaningful work experience and a valuable qualification at a time when they may have been struggling to gain employment. Several graduates are currently undertaking this programme in UTV. In other initiatives, students from across Northern Ireland participated in UTV's week long work shadowing programme, operated in conjunction with the Charter Work Experience Programme, designed to give students an insight into a career in the media industry.

Community Support Initiatives

Radio GB's stations are at the core of their respective communities being an essential source of local information and a voice for local issues. This year the stations have launched a Community

Partnership Programme, which gives young people the chance to engage with radio and learn about radio production. Radio GB's stations also regularly stage community events which celebrate the area, culture and the achievements of local people. This year these included Swansea's Culture and Lifestyle Awards, Blackpool Heroes in the Community Awards, The Wolf's Local Hero Awards, Peak FM's Local Hero Awards and the Liverpool Style Awards. At a national level, both talkSPORT and Sport magazine have given prominence to various community sports projects and to various sports people working on the projects.

UTV Television is keen to represent all sections of the community and supported several major events in Northern Ireland both onscreen and by participation on the ground. Such events included the Belfast Mela, the largest multi-cultural event in Northern Ireland, the Garden Show Ireland in Hillsborough, the Dalriada Festival of Sport, Music and Fine Foods event in Glenarm celebrating the links between Northern Ireland and Scotland and the Fermanagh Sea Planes Festival in Enniskillen. UTV continued to nurture future talent, especially youth, via supporting the Cinemagic Festival for Young Film Makers and it broadcast a programme made by 68 young people in conjunction with Bold Voices Productions exploring social issues as diverse as joy riding and homelessness.

Radio Ireland stations are active in promoting community initiatives with sporting, music and arts activities being the focus. Particular highlights were Live 95FM becoming the official radio partner of Munster Rugby and both LMFM and FM104 organised a number of initiatives around the Dublin City Marathon.

Charitable Activities

The Group assisted many good causes throughout the year that contribute to the sustainability and development of the local social community. This financial assistance was further supported by staff offering their free time to support various initiatives and fundraising events and many on-air personalities participated in a wide range of charity and community based public events.

talkSPORT has worked with a number of charities this year including the Bobby Moore Fund, the Hillsborough Justice Campaign and Nordoff Robbins. In May, a talkSPORT team took part in a charity football match against a team of MPs to raise money for the Bobby Moore Fund and in September, talkSPORT presenters took part in the BGC charity day, broadcasting live from the event and helping to raise money for 25 various charities. GB Radio's local stations made a considerable contribution to a range of local charities and good causes across the year. Wire FM raised enough money to buy a local disabled boy a wheelchair, Signal Radio's charity Help a Signal Child recently built a garden for two children who suffer from a muscle wasting disease and Wolf FM's programme director abseiled the tallest building in Wolverhampton to raise money for a local playground.

Radio Ireland stations support numerous local charitable initiatives through both on and off promotion with the cornerstone of activities being the annual events carried out by each station for their chosen charity partner such as "Giving for Living Radiothon" in Cork, "the 105 town tour" carried out by U105 across Northern Ireland and FM104's "Help a Dublin Child" initiative.

Environment

The Group recognises that its business activities have an impact on the environment and is committed to reducing any potential damaging effects and improving its performance on environmental matters. The Group Environmental Policy was established in 1996 with the aim of encouraging all existing and new investments in business activities to be evaluated, not just in terms of the economic benefits to the Group and community, but also in terms of assessing each activity's potential impact on the environment. Assessments concentrate on specific areas including energy consumption and travel-related fuel consumption. When waste products are produced every effort is made to reuse any serviceable items and other items are recycled. The remaining waste is disposed of to licensed waste management companies in line with Hazardous Waste and WEEE regulations and as little as possible general waste is sent to landfill sites. The environmental policy has been widened to include consideration of green purchasing with regards to supplier issues and is an integral part of the Group's tendering process.

The Group fully involves its staff in delivering the environmental policy through the operation of an Environmental Management System (EMS) which attained ISO-14001 accreditation in 1997. This is audited each year by the British Standards Institute to ensure compliance. Operation of the EMS system helps the Group to measure, assess and control the environmental impacts of its activities and delivers many benefits including reducing costs, improving efficiencies, ensuring compliance with legislation, the reduction of Greenhouse Gas (GHG) emissions, all with the aim of continuous improvement in environmental performance. The Group has a long established Environmental Committee to direct and manage the EMS system. Environmental issues are communicated to staff by way of a regular newsletter providing both general and specific information and staff are encouraged to contribute ideas to further improve the Group's environmental performance.

Energy Consumption

The use of purchased electricity accounts for approximately 72% of GHG emissions by the Group and this is now being bought from suppliers offering power from 95% renewable sources. The Group had set a 2% reduction target year on year. However due to severe winter conditions and the breakdown of the Building Management System (BMS) which controls heating and cooling in the Belfast premises, this target was not met. The BMS has now been replaced and once again energy consumption reduction is being targeted.

Travel-related Fuel Consumption

Car travel is an essential part of the Group's operations and a number of initiatives to facilitate the reduction in transport-related GHG emissions are being developed. The reduction targeted for 2011 was not achieved due to the fuel inefficiency of older vehicles in the fleet. This issue is being addressed by reducing the number of vehicles in the fleet and replacing older models with improved efficiency vehicles.

Corporate Social Responsibility

Waste Products and Recycling

The Group only disposes of waste using accredited waste management companies. In an effort to minimise the waste going to landfill sites a number of recycling initiatives are in place including the recycling of consumables such as paper, cardboard, toner cartridges, mobile phones, cans and plastic. The Group aims to decrease the amount of waste it produces going to landfill sites and to increase the amount it recycles.

Capturing and Reporting Environmental Impact Data

The Group has implemented quantitative procedures for the collection of data relating to GHG emissions and this facilitates the reporting of Scope 1 and Scope 2 emissions. In turn this also helps to ensure that reduction targets are being achieved.

The Group has been an active participant in the Carbon Disclosure Project (CDP) since it was extended to include companies in Ireland three years ago. This is the largest investor coalition in the world, producing an annual report to provide investors with information regarding the current and prospective impact of climate change on their portfolios. The information required by the CDP includes an analysis of the risks and opportunities presented by climate change issues and detailed submission of all Scope 1 and Scope 2 emissions.

The Group also participates in “ARENA” Network’s Environmental Benchmarking Survey which is conducted by Business in the Community NI. Its aim is to raise the profile of environmental issues in Northern Ireland’s business community.

The Carbon Reduction Commitment (CRC) scheme makes it mandatory for all companies that consume electricity through a half-hourly electricity meter (HHM) to register under the scheme and the Group is compliant with the requirements of this legislation.

Targets

The table below outlines the Group’s environmental impact in the year, where it has been possible to measure and also sets out the targets for 2012 with the key actions to be taken to achieve the target.

Environmental Impact	2010	2011	2012 target	Proposed actions to achieve target
GHG emissions due to the use of purchased electricity energy consumption (tonnes)	2,510	2,801	2% decrease	Replacement of BMS in Belfast. Progressive replacement of heating and lighting plant with higher efficiency units. The implementation of virtual server technology.
GHG emissions due to fuel consumption in vehicles (tonnes)	786	833	2% decrease	Replace fleet vehicles with lower CO^2 emission alternatives and reduce fleet size. Continue to rationalise the Company’s car fleet.
General waste generated (tonnes)	39	32	1% decrease	Continue to encourage staff awareness to waste
Recycled waste generated (tonnes)	6	16	1% increase	Continue to encourage recycling initiatives.

Report of the Board on Directors' Remuneration

Information not subject to audit

Remuneration

This report has been prepared in accordance with the regulations for Directors' Remuneration Report (2008) and the relevant Listing Rules, and it describes how the Board has applied the principles of the UK Corporate Governance Code (2010) relating to Directors' remuneration. The report is divided into two sections, the first section contains information that is not audited and the second section contains detailed audited disclosures.

Remuneration policy

The remuneration policy has been designed to attract and retain high quality individuals within the Group, ensure that their focus is on performance beyond the short term which translates into the creation of sustained shareholder wealth, and to reward individuals in relation to their successful performance. The policy aims to combine these factors in a manner comparable with other companies operating in the media sector, and at the same time, satisfy the expectations of investors.

The remuneration policy seeks to deliver a fair and balanced remuneration package for each of the executive Directors. The package consists of a number of different components of remuneration, structured in such a way that they encourage optimal performance in following the Board's strategy, which is translated into sustainable growth and consequently an increase in shareholder value.

In reviewing this report and the remuneration profile for 2011, shareholders are encouraged to note the following characteristics of the policy and the related performance in the year:

- By setting very challenging performance conditions and targets, the remuneration policy aims to reward the executive Directors for their success and ensures that failure would not be rewarded.
- The successful operational performance attained across the Group's activities and in particular the growth in profits before exceptional items and tax, and the considerable reduction in net debt in 2011.
- The Remuneration Committee agreement that the level of bonus payment for the performance in 2011 is a fair reflection of the Group's and executives' performance during the year.
- That the balance between the annual fixed and variable components of remuneration, based on exceptional performance being achieved, is appropriately balanced at the ratio of 55:45, reflecting that the maximum of bonus payable is capped at a moderate level of 80% of base salary.

Remuneration committee

The Board is responsible for approving the policy for the executive remuneration framework each year, based upon the advice and recommendations of the Remuneration Committee. The Remuneration Committee operates under specific terms of reference and was chaired by K Lagan with its other member being H Kirkpatrick, both of whom are independent non-executive Directors. The main role of the Remuneration Committee is to determine the remuneration, benefits and bonus framework for each of the executive Directors and the senior management in the Group. The Committee seeks the assistance of the Chairman and the Group Chief Executive on matters relating to Director's performance and their annual targets. The Committee is also advised by a leading firm of independent remuneration consultants, New Bridge Street, who provide services related only to remuneration and have no other connection to the Group.

The remuneration of the non-executive Directors is determined by the Board based upon the recommendations of the Chairman and Group Chief Executive. The remuneration of the Chairman is determined by the Board as advised by the Remuneration Committee.

The Remuneration Committee's activities during the year included undertaking the review of the remuneration policy and the various components of remuneration package, specifically reviewing the performance against the targets set for the annual bonus scheme for 2011 and agreeing the performance targets to be set in relation to the bonus scheme for 2012. Additionally, they considered the arrangements, performance criteria and targets for the award granted under the Group's long term incentive plan in 2011. Consequently, the work undertaken by the Remuneration Committee during the year has resulted in ensuring that the remuneration policy and package reflects prevailing best practice in the sector.

Framework of components for executive remuneration

The remuneration package for the executive Directors' remuneration consists of a combination of fixed and variable components each designed to incentivise and provide reward for successful short, medium and long term performance. The package of components includes:

- Base salary
- Benefits
- Pension arrangements
- Annual performance related bonus scheme
- Long term incentive performance plans

The details of the individual components of the remuneration package are discussed below.

Base salary

The base salary of the executive Directors is reflective of the sector competitive rates in attracting, rewarding and retaining the necessary level of skills and experience required in the media industry sector. For newly appointed executive Directors, their salary profile is arranged as an incremental stepped approach for the early years, acknowledging the input of increasing expertise and strategic influence that is built up over the first few years. The salary profile for N McKeown has reflected this incremental approach.

An annual salary review was applied to all staff across the Group including executive Directors and resulted in an increase to be awarded to staff, to reflect inflationary impacts, of 2.5%. Certain Directors may be considered for additional increases recognising that their remit and responsibilities may have substantially increased in the year as new operational activities have been undertaken.

Report of the Board on Directors' Remuneration

The base salaries for the executive Directors in 2011 are set out in the Directors' Remuneration table in the audited disclosure section.

Benefits

The benefits made available to the executive Directors comprise a car, fuel, private healthcare and necessary business equipment. One of the executive Directors has waived the benefit for fuel.

The equivalent cash values of benefits for the executive Directors in 2011 are set out in the Directors' Remuneration table in the audited disclosure section.

Pensions

Of the four executive Directors, J McCann and S Taunton are both members of the UTV Company pension scheme whilst neither N McKeown nor J R Downey are members. The Group made a contribution into N McKeown's Personal Pension Plan equating to 15% of his base salary. The Group made no contributions or payments in lieu relating to pensions arrangements in respect of J R Downey.

The pension arrangements for the executive Directors in 2011 are set out in the Pensions Entitlements table in the audited disclosure section.

Annual performance related bonus scheme

Dependent upon performance, bonuses may be payable to the executive Directors and to certain senior executives relating to the achievement of pre-determined performance targets based upon the annual results for the year. The performance conditions that are required to be met are the same for all executive Directors with the maximum bonus payable to an executive Director being capped to a maximum of 80% of their base salary.

The bonus scheme is designed to reward the executives for strong positive performance and meeting the demanding targets set at this level. Additionally, it is also designed to encourage, incentivise and recognise when there has been exceptional performance achieved in challenging conditions. Accordingly, 25% of the bonus becomes payable upon meeting the set performance targets and the maximum bonus becomes due upon attaining exceptional performance which is a pre-determined %. A straight line mechanism operates for performance within these parameters.

Bonus scheme targets 2011

The target for the bonus scheme arrangements was based upon the achievement of a pre-defined level of profit from continuing operations before tax, finance costs and exceptional items. The performance for 2011 resulted in the target being met and the minimum bonus being awarded in line with policy.

Bonus scheme targets 2012

The bonus scheme arrangements for 2012 are based on the same measurement with the target reflecting the need to outperform in the challenging markets. To achieve a maximum bonus in 2012, performance of at least 107% of the target will need to be achieved.

The value of the bonus payments for the executive Directors in 2011 are set out in the Directors' Remuneration table in the audited disclosure section.

Long term incentive performance plans

The Group has put in place a long term incentive plan for certain senior executives who may be granted awards of up to 100% of their base salary which are payable in shares at the end of the associated three-year period, and to the extent that the pre-set performance conditions and targets, outlined in each of the plans has been met. All such performance criteria will be independently verified by the Group's independent remuneration consultants, New Bridge Street. The awards may be exercisable in the six month period from the date of vesting.

The performance conditions that have been set for the 2011 award are aimed to align the Directors' performance to shareholder value and were selected by the Remuneration Committee on the advice of the Group's independent remuneration consultants, New Bridge Street.

Further details of the plans and awards for the executives, from 2008 onwards, are set out in the Interest in the Long Term Incentive Plan tables in the audited disclosure section.

Performance criteria

2008 – Performance criterion

The performance criterion for the grant of the award outlined in the plan for 2008 was based on the growth in diluted adjusted earnings per share (EPS) over the subsequent three financial years commencing in the financial year in which the plan was first granted.

2009, 2010 and 2011 – Performance criteria and weighting

The performance criteria for the grant of awards outlined in the plans for 2009, 2010 and 2011 has been modified from being based solely on earnings per share to the combined performance elements of (1) the growth in diluted adjusted earnings per share (EPS) over the qualifying three-year period commencing in the financial year in which the award was first granted, and (2) the ranking of the Group's total shareholder return (TSR) against a comparator group comprising the FTSE All-Share Media sector, over the next three years commencing with the date on which the awards were first granted. This change in performance conditions and criteria reflects the desirability of including a market based measure in the incentive plans.

The balance of the two performance elements EPS and TSR, have been weighted such that for the 2009 plan, 25% of the total award is based on whether the EPS targets are achieved and the remaining 75% of the total award being based on whether TSR targets are achieved. For the 2010 plan, the balance between the two performance elements is set at 50% each and for the 2011 plan, the weighting is that 65% of the total award is based on the EPS targets being met and the remaining 35% is based on the TSR targets being achieved.

Framework for the targets set

For all plans, both a minimum and a superior target are set for each of the two elements of performance that are being measured. If the minimum target set is met, then 25% of that element of the award will vest. If the superior target is achieved, the remaining 75% of that element of the award will vest. For levels of performance attained between these two parameters, the % of the award that will vest will be calculated on a straight line basis.

2008 – Targets

The framework for the targets for EPS for the 2008 plan is as follows:

For the 2008 plan, the performance criterion is that the total EPS growth over the qualifying three-year period is required to exceed RPI by at least 9% for the minimum target to be met. To meet the superior target, this will require growth to exceed RPI by at least 24% over the three-year period. For performance of EPS growth between these two parameters, the % of the award that will vest will be calculated on a straight line basis.

2009, 2010 and 2011 – Targets

The framework for the targets for EPS and TSR for the 2009, 2010 and 2011 plans is as follows:

(1) The growth in diluted adjusted earnings per share (EPS)

For the 2009 and 2010 plans, the performance criteria is that the total EPS growth over the qualifying three-year period is required to exceed 1% per annum for the minimum target to be met. To meet the superior target, this will require growth to exceed 3% per annum over the three-year period. For performance of EPS growth between 1% and 3%, per annum, the % of the EPS element of the award that will vest will be calculated on a straight line basis.

For the 2011 plan, the performance criteria is that the total EPS growth over the qualifying three-year period is required to exceed average RPI by at least 3% per annum for the minimum target to be met. To meet the superior target, this will require growth to exceed average RPI by at least 6% per annum. For performance achieved exceeding average RPI by between 3% and 6% growth per annum, the percentage of the EPS element of the award that will vest will be calculated on a straight line basis between the minimum and maximum target.

(2) The ranking of the Group's total shareholder return (TSR) against a comparator group

For the 2009, 2010 and 2011 plans, the performance criteria is that the TSR ranking to be achieved over the qualifying three-year period is a median ranking when compared to the comparator sector. To meet the superior target, this will require a ranking in the upper quartile. For rankings between the median and upper quartile, the % of the TSR element of the award that will vest will be calculated on a straight line basis.

Performance results

2008 – Results

For the 2008 plan, the award was based on whether the EPS growth performance targets were achieved. As these targets were not achieved, the award in the 2008 plan did not vest.

2009 – Results

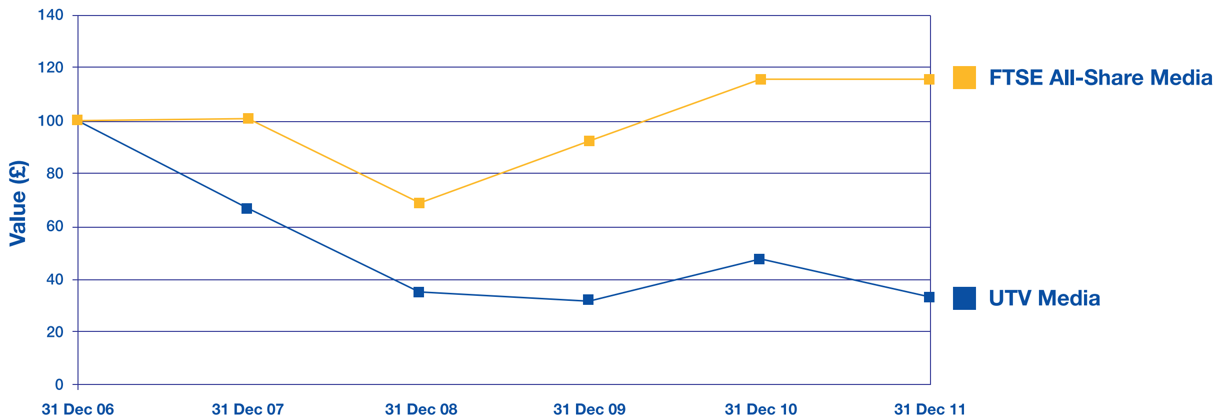
For the 2009 plan, the award was based on a combination of whether the EPS growth performance targets and the TSR performance ranking targets were achieved. As these targets were not achieved, the award in the 2009 plan will not vest.

The details of the awards for the executives are set out in the Interests in the Long Term Incentive Plans tables in the audited disclosure section.

Performance graph

This graph looks at the value, by 31 December 2011, of £100 invested in UTV on 31 December 2006 compared with that of £100 invested in the FTSE All-Share Media Index. The other points plotted are the values at intermediate financial year-ends.

Total Shareholder Return
Source: Thomson Reuters



The Media sector has been chosen as the Company is a constituent of the sector and it is felt that this is therefore the most appropriate index to include in the graph.

Report of the Board on Directors' Remuneration

Service contracts and compensation payments

All executive Directors have a service contract with the Group on a rolling basis and no notice period exceeds twelve months. The service contracts for J McCann and J R Downey are dated 16 October 2007. S Taunton has a service contract dated 1 July 2006 and N McKeown has a service contract dated 24 November 2008.

None of the service contracts make any provision for a pre-determined amount of compensation being due in the event of early termination except in the event of change of control of the Group when remuneration shall be paid in respect of any unexpired notice period on termination of employment by the Group. However, the Remuneration Committee will consider the circumstances of any cases of early termination on an individual basis and only in exceptional circumstances, would recommend compensation payments outside of the Group's contractual obligations.

The Group has a policy requiring executive Directors' to hold the equivalent of one year's average salary in UTV Media plc shares at an average market value. The aim is that this shareholding will be built up within three years of being appointed to the Board. The executive directors have substantially met this requirement.

Appointment letters and remuneration for the non-executive Directors

All non-executive Directors have Letters of Appointment with the Group which provide for an initial period of three years subject to review and they do not include notice periods in excess of twelve months. The appointment dates for the non-executive Directors are detailed in the Board of Directors section. There is no provision for any pre-determined amount of compensation being due in the event of termination.

The remuneration of the non-executive Directors is determined by the Board based upon the recommendations of the Chairman and Group Chief Executive. The remuneration of the Chairman is determined by the Board as advised by the Remuneration Committee. The non-executive Directors are paid an annual cash fee and any related business expenses incurred, they do not participate in bonus or share incentive schemes and have no pension contribution entitlement. Only the Chairman receives benefits which comprise a car, fuel and necessary business equipment.

There is no additional increment to a non-executive Director's fee for being a member of a Committee of the Board or being a Chair of such a Committee. The non-executive Directors received a small increase in their fees in 2011 to reflect inflationary impacts. The fees for the non-executive Directors for 2011 are set out in the Directors' Remuneration table in the audited disclosure section.

There is no contractual requirement for the non-executive Directors to acquire any shares in the Group. However, they all hold shares.

Directors' interests in shares

The figures in the table below represent the shareholdings in the ordinary share capital of UTV Media plc beneficially owned by Directors and their family interests, other than in respect of options or other rights to acquire ordinary shares:

	31 December 2011	31 December 2010
Executive Directors:		
J McCann	366,244	364,298
J R Downey	176,682	174,736
S Taunton	252,007	250,061
N McKeown	143,280	74,400
Non-executive Directors:		
J B McGuckian *	71,950	71,950
R E Bailie	1,079,179	871,896
K Lagan	176,482	176,482
H Kirkpatrick	7,318	7,318
S Reihill *	-	-

*S Reihill and J B McGuckian are shareholders and directors of TVC Holdings which is a substantial shareholder of the Group as outlined in note 10 of the Report of the Directors.

J McCann, J R Downey, S Taunton and N McKeown are included as potential beneficiaries under the UTV Employee Benefit Trust and are deemed to be interested in the shares held by this Trust. No Directors have acquired or disposed of any ordinary shares in the Group during the close period from the end of the financial year to 19 March 2012 with the exception of those shares purchased through the Share Incentive Plan (SIP).

The market price of UTV Media plc ordinary shares as at 31 December 2011 was 92.50 pence and the range during the year was 92.50 pence to 150.00 pence.

Share Incentive Plan

Executive directors are eligible to participate in the Company's all-employee share scheme on the same terms as other employees. This scheme comprises the Share Incentive Plan (SIP), under which employees allocate part of their pre-tax salary to purchase shares in the Company up to a limit of £1,500 per annum or £125 each month. The scheme operates within specific tax legislation and, as is normal practice, there are no performance conditions.

Report of the Board on Directors' Remuneration

Information subject to audit

Directors' remuneration

The amount and components of the executive Directors' remuneration are set out below.

	Base salary and fees	Benefits	Bonus	2011 Total	2010 Total
	£	£	£	£	£
Executive directors:					
J McCann	413,046	35,244	104,575	552,865	774,585
J R Downey	188,948	19,320	47,500	255,768	344,903
S Taunton	293,427	18,845	75,000	387,272	512,845
N McKeown	181,391	14,272	47,500	243,163	294,179
Non-executive directors:					
J B McGuckian	87,000	34,974	-	121,974	119,508
R E Bailie	33,000	-	-	33,000	32,000
K Lagan	33,000	-	-	33,000	32,000
H Kirkpatrick	33,000	-	-	33,000	32,000
S Reihill	33,000	-	-	33,000	32,000
	1,295,812	122,655	274,575	1,693,042	2,174,020

The benefits for the Chairman consist of a car, fuel and necessary business equipment. Benefits for the executive Directors comprise a car, fuel, private healthcare and necessary business equipment.

Report of the Board on Directors' Remuneration

Pension entitlements

The pension entitlements of the Directors are as follows:

	Increase, excluding inflation, in accrued pension during the year	Transfer value of increase	Accumulated total accrued pension at 31 December 2011	Increase, including inflation, in accrued pension during the year	Accumulated total accrued pension at 31 December 2010
	£	£	£	£	£
J McCann	(1,237)	(32,089)	293,337	10,636	282,701
S Taunton	4,680	50,100	38,670	6,047	32,623

	Transfer value of accrued pension at 31 December 2011	Increase in transfer value of accrued pension	Transfer value of accrued pension at 31 December 2010
	£	£	£
J McCann	7,915,900	1,320,400	6,595,500
S Taunton	630,450	214,850	389,400

Of the four executive Directors, J McCann and S Taunton are both members of the UTV Company pension scheme while neither N McKeown nor J R Downey are members. The pension benefits payable to J McCann are based on arrangements which were established in 1989 and were structured in a manner to reward a small number of executives who were involved in successfully renewing the channel 3 licence for a further 25 year term.

The pension benefits payable to J McCann are 1/30th of final pensionable salary, as at the previous 1 July (together with an allowance for benefits in kind), for each year of pensionable service, subject to a maximum of 20 years and accordingly, he stopped accruing service in the pension scheme from April 2006. Since then his pension entitlements have been accrued and are to be paid to an unfunded arrangement. As at 31 December 2011, an amount of £1,407,000 (2010: £1,121,000) has been accrued by the Group in this respect.

In the table above the transfer value figure of £7,915,900 (2010: £6,595,500) relates to total pension entitlement from both the UTV Company pension scheme and the unfunded arrangement. The transfer value represents the liability of the pension fund and not the sum due or paid to J McCann. The increase in the transfer values of accrued pension of £1,320,400 (2010: £1,006,100) is stated net of the member contributions paid during the year by J McCann amounting to £nil (2010: £12,500). As J McCann has stopped accruing pension service in the UTV scheme since April 2006, it was agreed that from 1 June 2010 he would cease to make contributions to the scheme and in return would forego an equivalent amount of his base salary entitlement. In the event that the Group requests early retirement, J McCann is entitled to a pension enhancement or a cash equivalent of this on a defined basis.

Report of the Board on Directors' Remuneration

The pension benefits payable to S Taunton are 1/50th of accrued service up to 1 June 2003 and 1/60th thereafter, subject to HMRC limits. In the table above the transfer value figure of £630,450 (2010: £389,400) relates to the total pension entitlement from the UTV Company pension scheme. The transfer value represents the liability of the pension fund and not the sum due or paid to S Taunton. The increase in the transfer values of accrued pension of £214,850 (2010: £73,300) is stated net of the member contributions paid during the year by S Taunton amounting to £26,200 (2010: £25,100).

The executive Directors, N McKeown and J R Downey are not members of the UTV Company pension scheme. The Group made a contribution of £27,000 (2010: £24,000) equating to 15% of N McKeown's base salary into his Personal Pension Plan. The Group made no contributions or payments to J R Downey in respect of pensions.

Interests in the long term incentive plan

Awards granted in 2008

The following directors were granted awards under the Company's long term incentive plan on 26 March 2008.

	At 1 January 2011	Interest lapsed during the year	At 31 December 2011	End of qualifying period	Market price at date of award
	No.	No.	No.		
J McCann	170,354	170,354	-	31 Dec 10	234.81p
J R Downey	72,400	72,400	-	31 Dec 10	234.81p
S Taunton	106,470	106,470	-	31 Dec 10	234.81p

The performance criterion for the grant of the award outlined in the plan for 2008 was based on the growth in diluted adjusted earnings per share (EPS) over the qualifying three-year period commencing in the financial year in which the plan was first granted. The total EPS growth was required to exceed RPI by at least 9% for any part of the award to vest. As this performance target was not achieved, the award in the 2008 plan did not vest.

Awards granted in 2009

The following directors were granted awards under the Company's long term incentive plan on 27 March 2009.

	At 1 January 2011	Interest awarded in the year	At 31 December 2011	End of qualifying period	Market price at date of award
	No.	No.	No.		
J McCann	691,667	-	691,667	31 Dec 11	58.25p
J R Downey	300,000	-	300,000	31 Dec 11	58.25p
S Taunton	458,333	-	458,333	31 Dec 11	58.25p
N McKeown	250,000	-	250,000	31 Dec 11	58.25p

The performance criteria for the grant of the award outlined in the plan for 2009 was based on a combination of two elements being the required total growth in diluted adjusted earnings per share (EPS) of 3% and the ranking of the Group's total shareholder return (TSR) against a comparator group achieving a median ranking, over the qualifying three-year period commencing in the financial year in which the plan was first granted. As neither performance target was met, the award in the 2009 plan will not vest.

Report of the Board on Directors' Remuneration

Awards granted in 2010

The following directors were granted awards under the Company's long term incentive plan on 30 March 2010.

	At 1 January 2011	Interest awarded in the year	At 31 December 2011	End of qualifying period	Market price at date of award
	No.	No.	No.		
J McCann	358,067	-	358,067	31 Dec 12	117.75p
J R Downey	155,306	-	155,306	31 Dec 12	117.75p
S Taunton	237,274	-	237,274	31 Dec 12	117.75p
N McKeown	129,422	-	129,422	31 Dec 12	117.75p

Awards granted in 2011

The following directors were granted awards under the Company's long term incentive plan on 30 March 2011.

	At 1 January 2011	Interest awarded in the year	At 31 December 2011	End of qualifying period	Market price at date of award
	No.	No.	No.		
J McCann	-	315,322	315,322	31 Dec 13	135.10p
J R Downey	-	-	-	31 Dec 13	135.10p
S Taunton	-	208,734	208,734	31 Dec 13	135.10p
N McKeown	-	125,833	125,833	31 Dec 13	135.10p

The Report of the Board on Directors' Remuneration was approved by the Board in 29 March 2012 and signed on its behalf by Helen Kirkpatrick, the Interim Chair of the Remuneration Committee.

Helen Kirkpatrick
Interim Chairman of the Remuneration Committee
29 March 2012

Report of the Directors

Registered Number: NI 065086

To be presented at the Annual General Meeting of the Company to be held on 17th May 2012.

1. Annual report

The Directors have pleasure in presenting their Annual Report, together with the Audited Financial Statements of the Group for the year ended 31 December 2011.

2. Results and dividends for the year

The Group profit before exceptional items for the year, after taxation, amounted to £18,387,000 of which £17,972,000 is attributable to the members of the Company as detailed in the Group Income Statement. An exceptional charge of £43,858,000 was incurred during the year as a result of impairment on intangible assets plus an exceptional tax credit due to the restatement of the deferred tax balances as a result of the change in the UK tax rate. This created a Group loss for the year of £25,471,000 of which £25,886,000 is attributable to the members of the Company.

Dividends amounting to £4,290,000 were paid during the year representing a final ordinary dividend for 2010 of 3.00p per share and an interim ordinary dividend for 2011 of 1.50p per share as detailed in note 13.

A final dividend of £4,284,000 representing 4.50p per share, is proposed for approval at the Annual General Meeting. If approved, warrants in respect of it will be despatched on 16 July 2012 to shareholders on the register at the close of business on 25 May 2012.

3. Principal activities and business development review

The principal activities of the Group are the provision of:

- radio services in Great Britain through UTV Media (GB) Limited;
- radio services in Ireland through UTV Radio (ROI) Limited;
- the regional Channel 3 television service for Northern Ireland through UTV Limited; and
- new media services in Ireland through UTV Internet Limited and The Internet Business Limited.

A review of the business development of the Group during the year, its position at the year end, the principal risks and uncertainties facing the group, important events which have occurred since and indications of future developments in the business are provided in the Business Review and the Financial Review.

4. Post balance sheet event

As outlined in note 33 of the Notes to the Group Financial Statements, on 6 March 2012 UTV Media plc acquired 100% of the issued share capital of Simply Zesty Limited, a company registered in the Republic of Ireland.

5. Going concern

Details of the Group's liquidity risk and going concern are provided in the Financial Review.

After making enquiries the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly the Group continues to adopt the going concern basis in preparing the consolidated and parent company financial statements.

6. Employees

Further information on employees including the Group's policy on disabled employees and employee involvement can be found in the 'Staff and People' section of the Corporate Social Responsibility report.

7 Environmental practices and Community and Society

Further information on the Group's environmental practices and community and society can be found in the sections entitled 'Environment' and 'Community and Society' in the Corporate Social Responsibility report.

8. Charitable and political donations

Charitable donations by the Group in the year amounted to £5,325 (2010: £8,700). No donations were made for political purposes during the year (2010: £Nil).

9. Suppliers

The Company did not trade during the period. Should trading commence the Company's normal payment policy is to pay invoices at the end of the month following the month in which the invoices are issued.

10. Directors and their interests

The Directors of the Company during the year were those shown in 'Board of Directors'.

In accordance with Article 111.1 of the Company's Articles of Association, J McCann, S Taunton and N McKeown at the date of the Annual General Meeting will have held office for three years and therefore retires and offers themselves for re-election.

None of the Directors who are proposed for re-election have unexpired terms on their contract. The executive Directors have a 12 month notice period.

The company has a policy requiring executive Directors' to hold the equivalent of one year's average salary in UTV Media plc shares. This shareholding is to be built up within three years of being appointed to the board. The executive Directors have substantially met this requirement.

The Directors, former Directors and their families had the following interests in the shares of the Company at the end of the financial year:

Report of the Directors

Registered Number: NI 065086

	At 31 December 2011 Ordinary shares of 5p each	At 31 December 2010 Ordinary shares of 5p each
J B McGuckian	71,950	71,950
J McCann	366,244	364,298
R E Bailie	1,079,179	871,896
J R Downey	176,682	174,736
K Lagan	176,482	176,482
S Taunton	252,007	250,061
H Kirkpatrick	7,318	7,318
N McKeown	143,280	74,400

J McCann, J R Downey, S Taunton and N McKeown are included as potential beneficiaries under the UTV Employee Benefit Trust and are deemed to be interested in the shares held by this Trust.

The beneficial interests include ordinary shares purchased under the monthly operation of the employee Share Incentive Plan (SIP). Since 9 March 2011, the executive Directors have each acquired 1,946 ordinary shares through the SIP. As at 31 December 2011 73,575 ordinary shares were held by T D Waterhouse Nominees (Europe) Limited for the purposes of the SIP. As with other employees, the executive Directors are deemed to have a potential interest in those shares, being beneficiaries under the trust.

No Directors have acquired or disposed of any ordinary shares in the Company during the period from the end of the financial year to 19 March 2012 other than 307 shares purchased by each of the executive Directors through the Share Incentive Plan (pursuant to regular standing instructions in the SIP scheme).

No Director had any interests in the shares of any subsidiary company.

S Reihill is a shareholder of TVC Holdings which is a substantial shareholder of the Company as outlined in point 15 of this report. J B McGuckian is a shareholder of TVC Holdings which is a substantial shareholder of the Company.

The executive Directors, along with other employees, have been granted share options through the share option and long term incentive plans as disclosed in the 'Report of the Board on Directors' Remuneration'.

11. Treasury shares

At the 31 December 2011 the UTV Employee Benefit Trust, which is a discretionary trust for the benefit of employees of UTV Media plc held 699,999 shares. These shares are held to contribute towards the anticipated entitlement of senior executives to the vesting of awards in the long term incentive plans.

12. Directors' Liabilities

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provisions remains in force as at the date of approving the 'Report of the Directors'.

During the year, J McCann, J R Downey and S Taunton were trustees of the UTV Pension Scheme. The Company has granted indemnity against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 235 of the Companies Act 2006. These qualifying pension schemes indemnity provisions remain in force as at the date of approving the 'Report of the Directors'.

13. Corporate governance

The information required to be disclosed under DTR7.2 is provided within the Corporate Governance Section and point 16 of this report.

14. Financial instruments

The Group's financial risk management objectives and policies are outlined in note 29.

15. Substantial shareholdings

The company has been notified of the following interests representing 3% or more of the issued ordinary share capital of the Company as at 31 December 2011.

Up to 19 March 2012 except for the holdings of ordinary shares listed below, no party has notified an interest in the ordinary shares of the Company which is required to be recorded in the register under DTR5.

	At 31 December 2011		At 19 March 2012	
	Ordinary Shares	% of that class	Ordinary Shares	% of that class
TVC Holdings [(1)]	17,240,262	17.98%	17,240,262	17.98%
Organo Investments	13,482,367	14.06%	13,482,367	14.06%
Fidelity International Limited	9,925,898	10.35%	9,935,579	10.36%
BlackRock	4,964,492	5.18%	5,581,742	5.82%
Milestone Trust	4,625,000	4.82%	4,625,000	4.82%
Legal & General Investment Management	3,529,701	3.68%	3,479,900	3.63%

(1) S Reihill and J B McGuckian are shareholders and directors of TVC Holdings

Registered Number: NI 065086

16. Additional information for shareholders

The following provides the additional information required for shareholders as a result of the implementation of the Takeovers Directive into UK Law.

At 31 December 2011, the Company's issued share capital comprised:

	Number Thousands	Value £000
Ordinary shares of 5p each	95,903	4,795

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and for voting rights.

Ordinary shares
On a show of hands at a general meeting of the Company every holder of ordinary shares present in person and entitled to vote shall have one vote on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the general meeting (see notice of general meeting) specifies deadlines for exercising voting rights either by proxy notice or present in person or by proxy in relation to resolutions to be passed at general meeting. All proxy votes are counted and the number for, against or withheld in relation to each resolution are announced at the Annual General Meeting and published on the company's website after the meetings.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- Certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws and market requirements relating to close periods); and
- Pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the company require the approval of the company to deal in the company's securities.

The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders. Directors are reappointed by ordinary resolution at a general meeting of the shareholders. The Board can appoint a director but anyone so appointed must be elected by an ordinary resolution at the next general meeting. Any director who has held office for more than three years since their last appointment must offer themselves up for re-election at the Annual General Meeting. Any non-executive Director who at the date of the Annual General Meeting had held office for nine years or more shall be subject to re-election at each Annual General Meeting.

Significant interests
Directors' interests in the share capital of the Company are set out in point 10. Major interests (i.e., those greater than 3%) of which the Company has been notified are shown in point 15 to this report.

Directors' powers to issue or purchase shares
At the AGM resolutions are passed which allow the Directors' to allot equity shares or sell treasury shares for cash or purchase its own shares. Such authority is limited to 5% of the Company's ordinary shares in issue.

Company share schemes
The UTV Employee Benefit Trust holds 0.73% of the issued share capital of the Company in trust for the anticipated entitlement of senior executives to the vesting of awards in the Long Term Incentive Plan. The voting rights in relation to these shares are exercised by the trustees.

Change of control
Other than disclosed above the Company is not party to any agreements which take effect, alter or terminate upon a change of control of the Company following a takeover bid. The Company is party to a number of banking agreements, which upon a change of control of the Company can be terminated by the bank upon the provision of 60 days notice.

In the event of change of control of the Company the Directors' service contracts provide that the Company shall pay remuneration in respect of any unexpired notice period on termination of employment.

17. Auditors

Ernst & Young LLP has expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

18. Directors' statement as to disclosure of information to auditors

The directors who were members of the Board at the time of approving the Report of the Directors are H Kirkpatrick, R Bailie, J McCann, S Taunton and N McKeown. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- each director has taken all the steps a director may reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board
Ormeau Road
Belfast
BT7 1EB

Norman McKeown
Company Secretary
29 March 2012

Statement of Directors' Responsibilities in Relation to the Group Financial Statements

The Directors are responsible for preparing the annual report and the Group financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.
Under Company Law the directors must not approve the Group financial statements unless they are satisfied that they present fairly the financial position of the Group and the financial performance and cash flows of the Group for that period. In preparing those Group financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that the Group has complied with International Financial Reporting Standards, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the Group financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Statement of Responsibility under the Disclosure and Transparency Rules

The Directors confirm to the best of their knowledge that:

- The Group financial statements, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of UTV Media plc and the undertakings included in the consolidation taken as a whole; and
- The Directors Report together with the Business Review, Financial Review and Corporate Social Responsibility report includes a fair review of the development and performance of the business and the position of UTV Media plc and the undertakings included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that they face.

The financial statements were approved by the Board on 29 March 2012 and the above responsibility statement was signed on its behalf by the Group Chief Executive.

John McCann
Group Chief Executive
29 March 2012

Report of the Auditors on the Group Financial Statements

Independent auditor's report to the members of UTV Media plc

We have audited the Group financial statements of UTV Media plc for the year ended 31 December 2011 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Cash Flow Statement, Statement of Changes in Equity and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 46, 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 financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit 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 Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Group financial statements; and
- the information given in the Corporate Governance Statement set out on pages 24 to 28 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

Report of the Auditors on the Group Financial Statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:

- the directors' statement on page 43, in relation to going concern;
- the part of the Corporate Governance Statement on pages 24 to 28 relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration

Other matter

We have reported separately on the parent company financial statements of UTV Media plc for the year ended 31 December 2011 and on the information in the Directors' Remuneration Report that is described as having been audited.

David Galbraith (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
29 March 2012

Group Income Statement

For the year ended 31 December 2011

	Notes	**Results before Exceptional Items 2011 £000**	Exceptional Items 2011 £000	Total 2011 £000	**Results before Exceptional Items 2010 £000**	Exceptional Items 2010 £000	Total 2010 £000
Continuing operations							
Revenue	3	**121,551**	-	121,551	**118,860**	-	118,860
Operating costs	5	**(94,841)**	-	(94,841)	**(93,003)**	-	(93,003)
Operating profit from continuing operations before tax and finance costs		**26,710**	-	26,710	**25,857**	-	25,857
Impairment of intangible assets	4	**-**	(45,000)	(45,000)	**-**	(35,000)	(35,000)
Share of results of associates accounted for using the equity method		**136**	-	136	**216**	-	216
(Loss)/profit from continuing operations before tax and finance costs	3	**26,846**	(45,000)	(18,154)	**26,073**	(35,000)	(8,927)
Finance revenue	8	**165**	-	165	**76**	-	76
Finance costs	9	**(3,653)**	-	(3,653)	**(4,760)**	-	(4,760)
Foreign exchange loss		**(15)**	-	(15)	**(80)**	-	(80)
(Loss)/profit from continuing operations before tax	3	**23,343**	(45,000)	(21,657)	**21,309**	(35,000)	(13,691)
Taxation	10	**(4,743)**	1,142	(3,601)	**(4,666)**	10,235	5,569
(Loss)/profit from continuing operations after tax		**18,600**	(43,858)	(25,258)	**16,643**	(24,765)	(8,122)
Discontinued operations							
Loss from discontinued operations	11	**(213)**	-	(213)	**(214)**	-	(214)
(Loss)/profit for the year		**18,387**	(43,858)	(25,471)	**16,429**	(24,765)	(8,336)
Attributable to:							
Equity holders of the parent		**17,972**	(43,858)	(25,886)	**16,012**	(24,765)	(8,753)
Non-controlling interest		**415**	-	415	**417**	-	417
		18,387	(43,858)	(25,471)	**16,429**	(24,765)	(8,336)

	Notes	**2011**	**2010**
Earnings per share			
Continuing operations			
Basic & diluted	12	(26.94)p	(8.95)p
Adjusted	12	19.08p	17.01p
Diluted adjusted	12	18.96p	16.93p
Continuing and discontinued operations			
Basic & diluted	12	(27.16)p	(9.17)p
Adjusted	12	18.86p	16.78p
Diluted adjusted	12	18.74p	16.70p

Group Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Loss for the year		**(25,471)**	(8,336)
Other comprehensive income			
Exchange difference on translation of foreign operations		**(2,328)**	(2,933)
Actuarial (loss)/gain on defined benefit pension schemes	30	**(3,281)**	3,043
Cash flow hedges:			
Loss arising during the year		**(448)**	(1,167)
Less transfers to the income statement		**550**	1,471
Tax relating to other comprehensive income	10	**783**	(878)
Other comprehensive loss for the year, net of tax		**(4,724)**	(464)
Total comprehensive loss for the year, net of tax		**(30,195)**	(8,800)
Attributable to:			
Equity holders of the parent		**(30,610)**	(9,217)
Non-controlling interest		**415**	417
		(30,195)	(8,800)

Group Balance Sheet

For the year ended 31 December 2011

	Notes	2011 £000	2010 £000
ASSETS			
Non-current assets			
Property, plant and equipment	14	11,273	10,695
Intangible assets	15	173,776	221,856
Investments accounted for using the equity method	17	126	172
Deferred tax asset	10	6,511	9,876
		191,686	242,599
Current assets			
Inventories	19	1,533	1,741
Trade and other receivables	20	25,857	28,180
Cash and short term deposits	21	7,205	11,250
		34,595	41,171
TOTAL ASSETS		226,281	283,770
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Equity share capital	28	55,557	55,557
Capital redemption reserve	28	50	50
Treasury shares	28	(1,523)	(1,258)
Foreign currency reserve	28	7,171	9,499
Cash flow hedge reserve	28	(521)	(581)
Retained earnings		22,414	54,441
		83,148	117,708
Non-controlling interest		469	475
TOTAL EQUITY		83,617	118,183
Non-current liabilities			
Financial liabilities	23	53,752	74,490
Derivative financial liabilities	18	207	370
Pension liability	30	8,569	6,800
Provisions	25	766	970
Deferred tax liabilities	10	35,932	38,416
		99,226	121,046
Current liabilities			
Trade and other payables	22	31,948	32,363
Financial liabilities	23	8,167	8,254
Derivative financial liabilities	18	479	420
Tax payable		2,409	3,076
Provisions	25	435	428
		43,438	44,541
TOTAL LIABILITIES		142,664	165,587
TOTAL EQUITY AND LIABILITIES		226,281	283,770

The financial statements were approved by the Board of Directors and authorised for issue on 29 March 2012. They were signed on its behalf by:

John McCann
Norman McKeown
} Directors

Group Cash Flow Statement

For the year ended 31 December 2011

	Notes	2011 £000	2010 £000
Operating activities			
Loss before tax [1]		(21,870)	(13,905)
Adjustments to reconcile loss before tax to net cash flows from operating activities			
Foreign exchange loss		15	80
Net finance costs		3,488	4,684
Share of results of associates		(136)	(216)
Non-operational exceptional costs		45,000	35,000
Depreciation of property, plant and equipment	14	1,597	1,636
Profit from sale of property, plant and equipment		(31)	(21)
Share based payments		605	418
Difference between pension contributions paid and amounts recognised in the income statement		(1,512)	(1,156)
Decrease/(increase) in inventories		208	(272)
Decrease in trade and other receivables		2,102	3,143
Decrease in trade and other payables		(415)	(3,584)
Increase/(decrease) in provisions		37	(24)
Cash generated from operations before exceptional costs		29,088	25,783
Exceptional costs		(19)	(549)
Tax paid		(2,288)	(226)
Net cash inflow from operating activities		26,781	25,008
Investing activities			
Interest received		165	76
Proceeds on disposal of property, plant and equipment		31	151
Purchase of property, plant and equipment		(2,155)	(1,159)
Dividends received from associates		182	181
Outflow on acquisition of subsidiary undertaking		-	(13)
Outflow on acquisition of joint ventures		-	(69)
Net cash flows from investing activities		(1,777)	(833)
Financing activities			
Borrowing costs		(3,032)	(3,021)
Swap cost		(550)	(1,471)
Dividends paid to equity shareholders		(4,279)	(2,851)
Dividends paid to non-controlling interests		(421)	(689)
Acquisition of treasury shares		(265)	-
Repayment of borrowings		(20,474)	(13,233)
Net cash flows used in financing activities		(29,021)	(21,265)
Net (decrease)/increase in cash and cash equivalents		(4,017)	2,910
Net foreign exchange differences		(28)	(94)
Cash and cash equivalents at 1 January		11,250	8,434
Cash and cash equivalents at 31 December	21	7,205	11,250

[1] Includes both continuing and discontinued operations

Group Statement of Changes in Equity

For the year ended 31 December 2011

	Equity share capital	*Capital redemption reserve*	*Treasury shares*	*Foreign currency reserve*	*Cashflow hedge reserve*	*Retained earnings*	***Share holder equity***	*Non-controlling interest*	***Total***
	£000	£000	£000	£000	£000	£000	***£000***	£000	***£000***
At 1 January 2010	55,557	50	(1,258)	12,432	(821)	63,409	**129,369**	747	130,116
Loss for the year	-	-	-	-	-	(8,753)	**(8,753)**	417	(8,336)
Other comprehensive (loss)/income in the year	-	-	-	(2,933)	240	2,229	**(464)**	-	(464)
Total net comprehensive (loss)/ income in the year	-	-	-	(2,933)	240	(6,524)	**(9,217)**	417	(8,800)
Share based payment	-	-	-	-	-	418	**418**	-	418
Equity dividends paid	-	-	-	-	-	(2,862)	**(2,862)**	(689)	(3,551)
At 31 December 2010	55,557	50	(1,258)	9,499	(581)	54,441	**117,708**	475	118,183
Loss for the year	-	-	-	-	-	(25,886)	**(25,886)**	415	(25,471)
Other comprehensive (loss)/income in the year	-	-	-	(2,328)	60	(2,456)	**(4,724)**	-	(4,724)
Total net comprehensive (loss)/ income in the year	-	-	-	(2,328)	60	(28,342)	**(30,610)**	415	(30,195)
Share based payment	-	-	-	-	-	605	**605**	-	605
Acquisition of treasury shares	-	-	(265)	-	-	-	**(265)**	-	(265)
Equity dividends paid	-	-	-	-	-	(4,290)	**(4,290)**	(421)	(4,711)
At 31 December 2011	55,557	50	(1,523)	7,171	(521)	22,414	**83,148**	469	83,617

Notes to the Group Financial Statements

For the year ended 31 December 2011

1. Corporate information

The Group's financial statements for the year ended 31 December 2011 were authorised for issue by the Board of the Directors on 29 March 2012 and the balance sheets were signed on the Board's behalf by J McCann and N McKeown. UTV Media plc is a public limited company incorporated in Northern Ireland (NI 065086). The Company's ordinary shares are traded on the London Stock Exchange and the Irish Stock Exchange.

The principal activities of the Group are described in the Report of the Directors.

2. Summary of accounting policies

Basis of preparation and statement of compliance with IFRSs

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2011. The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2011 and applied in accordance with the Companies Act 2006. The Group has adopted the following new standards that are relevant in the preparation of the financial statements for the year ended 31 December 2011:

- Amendment to IAS 24 Revised "Related Party Disclosures (Amendment)". The amendment simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. Management has concluded that the amendment did not have any impact on the financial position, performance or disclosures of the Group.
- Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement". The amendment removes unintended consequences arising from the treatment of prepayments when there is a minimum funding requirement and results in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. Management has concluded that the amendment did not have any impact on the financial position, performance or disclosures of the Group.
- Improvements to IFRSs: In May 2010 the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each amendment. The adoption of the amendments did not have any impact on the financial position, performance or disclosures of the Group.

The directors considered the impact of other new and revised accounting standards and interpretations and concluded that none were relevant to the Group's financial statements.

The Group and Company financial statements are presented in sterling and all values are rounded to the nearest thousand (£000) except when otherwise indicated.

Basis of consolidation

The Group financial statements comprise the financial statements of UTV Media plc ('the Company') and its subsidiaries (together, 'the Group') and the Group's share of its joint ventures and associates results. The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

A subsidiary is an entity controlled, either directly or indirectly, by the Company, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities.

The results of a subsidiary acquired during the period are included in the Group's results from the effective date on which control is transferred to the Group. The results of a subsidiary sold during the period are included in the Group's results up to the effective date on which control is transferred out of the Group. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Judgements and key sources of uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

2. Summary of accounting policies (continued)

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement and impairment of indefinite life intangible assets (including goodwill) and the measurement of defined benefit pension obligations. The measurement of intangible assets on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. The Group determines whether indefinite life intangible assets are impaired on an annual basis and this requires an estimation of the value in use of the cash generating units to which the intangible assets are allocated. This involves estimation of future cash flows and choosing a suitable discount rate (note 16). Measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate (note 30).

Investment in associate

The Group's investment in its associate is accounted for under the equity method of accounting. This is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. The financial statements of the associate are used by the Group to apply the equity method. The reporting dates of the associate and the Group are identical and both use consistent accounting policies.

The investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The income statement reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the associates' equity, the Group recognises its share of any changes and discloses this, when applicable in the statement of comprehensive income.

Investment in joint venture

A joint venture is an entity in which the Group holds an interest under a contractual arrangement where the Group and one or more other parties undertake an economic activity that is subject to joint control.

The Group's interest in its joint ventures is accounted for by proportionate consolidation, which involves recognising a proportionate share of the joint venture's assets, liabilities, income and expenses with similar items in the consolidated financial statements on a line-by-line basis. The reporting dates of the joint venture and the Group are identical and both use consistent accounting policies.

Foreign currency translation

The financial statements for each of the Group's subsidiaries, joint ventures and associates are prepared using their functional currency. The functional currency is the currency of the primary economic environment in which an entity operates.

On consolidation, the results of foreign operations are translated into sterling at the average exchange rate for the period and their assets and liabilities are translated into sterling at the exchange rate ruling on the balance sheet date. Currency translation differences, including those on monetary items that form part of a net investment in foreign operations, are recognised in the currency translation reserve.

In the event that a foreign operation is sold, the gain or loss on disposal recognised in the income statement is determined after taking into account the cumulative currency translation differences that are attributable to the operation.

In the Cash Flow Statement, the cash flows of foreign operations are translated into sterling at the average exchange rate for the period.

As permitted by IFRS 1, the Group elected to deem cumulative currency translation differences to be £Nil as at 1 January 2004. Accordingly, the gain or loss on disposal of a foreign operation does not include currency translation differences arising before 1 January 2004.

2. Summary of accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Cost includes borrowing costs for long term construction projects if the recognition criteria are met.

Depreciation is calculated on a straight-line basis to charge the depreciable amount to the income statement over the estimated useful life of the asset at the following rates:

- Freehold and long leasehold buildings: 4 - 5%
- Leasehold improvements: 10 - 15%
- Equipment and vehicles : 10 - 33% depending on type

The residual values are based on prices prevailing at the balance sheet date. Useful lives and residual values are reviewed annually and any adjustments applied prospectively.

No provision for depreciation is made in respect of freehold land.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amounts of the item) is included in the income statement in the year the item is derecognised.

Goodwill

Business combinations are accounted for using the purchase method. Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill in respect of an acquired subsidiary or joint venture is recognised as an intangible asset. Goodwill in respect of an acquired associate is included within investments in associates.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Where the fair value of the interest acquired in an entity's assets, liabilities and contingent liabilities exceeds the consideration paid, the excess is recognised immediately as a gain in the income statement.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash generating unit, to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash generating unit and part of the operation within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash generating unit retained.

As permitted by IFRS 1, the Group elected not to apply IFRS 'Business Combinations' to business combinations that were recognised before 1 January 2004. As a result, goodwill recognised as an asset under UK GAAP as at 1 January 2004 has not been revised retrospectively to identify and extract intangible assets to be recognised separate from goodwill.

2. Summary of accounting policies (continued)

Intangible assets

Intangible assets acquired separately are capitalised at cost and those arising from a business acquisition are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets. The useful lives of these intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on assets with finite lives, this expense is taken to the income statement.

Intangible assets created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

Intangible assets are tested for impairment annually either individually or at the cash generating unit level.

Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis. A summary of the policies applied to the Group's intangible assets is as follows:

- Value attributable to radio licences acquired - indefinite life
- Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement within a separate line item before operating profit from continuing operations before tax and finance costs.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Programmes and sundry stocks

Programmes completed but not transmitted and programmes in the course of production are recognised within inventories at cost. Acquired programme rights are recognised within inventories at the lower of purchase cost and net realisable value on the commencement of the period of each broadcast right. All programme costs are recognised in the income statement on a straight line basis over the period of transmission. Sundry stocks are valued at the lower of purchase cost and net realisable value. Net realisable value is the estimated selling price less applicable selling expenses.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

2. Summary of accounting policies (continued)

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised or impaired, as well as through the amortisation process.

Pensions and other post employment benefits

The Group operates a defined benefit pension scheme which requires contributions to be made to separately administered funds. The cost of providing benefits under the plan is determined using an independent actuarial valuation. This is based on the projected unit credit method and is recognised in accordance with the advice of a qualified actuary. Past service costs resulting from enhanced benefits are recognised on a straight-line basis over the vesting period or immediately if the benefits have vested.

The Group has applied the option in IAS 19 allowing actuarial gains and losses to be recognised in full in the statement of comprehensive income in the period in which they occur. Actuarial gains and losses which represent differences between expected and actual returns on the plan assets and effect of changes in the actuarial assumptions, are recognised in full in the statement of comprehensive income in the period in which they occur.

The defined benefit liability or asset recognised in the balance sheet comprises the present value of the benefit obligation using a discount rate based on appropriate high quality corporate bonds, at the balance sheet date, minus any past service costs not yet recognised, minus the fair value of the plan assets, if any, at the balance sheet date. Where the plan is in surplus, the asset recognised is limited to the amount which the Group expects to recover by way of refunds or reduction in future contributions.

Until 31 December 2009 when the two schemes merged the Group operated two defined benefit pension schemes.

The Group also operates defined contribution pension schemes. Contributions are charged to the income statement as they become payable in accordance with the scheme's rules.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by the expected cash flows which, where material, are discounted at a rate which reflects current market assessments of the time value of money and the risks specific to the liability.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Treasury shares

UTV Media plc shares held by the Group are classified in shareholders' equity as 'treasury shares' and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity with any difference between the proceeds from sale and the original cost being taken to revenue reserves. No gain or loss is recognised in the performance statements on the purchase, sale, issue or cancellation of equity shares.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Exceptional items

The Group presents as exceptional items on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

2. Summary of accounting policies (continued)

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Key classes of revenue are recognised on the following basis:

- Advertising and sponsorship: on transmission
- Provision of internet services: on delivery
- Provision of other sundry services: on delivery
- Interest: as interest accrues using the effective interest method

Share based payments

The Group has a long term incentive share scheme under which it makes equity-settled share-based payments to eligible employees. The cost of equity-settled share-based payments are measured at fair value at the date of grant and recognised as an expense over the vesting period, which ends on the date on which the employees become fully entitled to the reward.

Fair value is estimated using appropriate models for the particular awards under consideration. In valuing equity settled transactions, no account is taken of any vesting conditions, other than the performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. These are also taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of the achievement or otherwise of non-market vesting conditions and of the number of equity instruments that will ultimately vest, or in the case of an instrument subject to a market condition, be treated as vesting. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled payments award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of the any modification, based on the difference between the fair value of original award and the fair value of the modified award, both as measured at the date of modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (where non-vesting conditions within the control of either the entity or the employee are not met), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

As allowed under its transitional provisions, IFRS 2 Share-based Payments has been applied only to equity-settled awards granted after 7 November 2002.

2. Summary of accounting policies (continued)

Taxation

The tax expense represents the sum of tax currently payable or recoverable in respect of the taxable profit or loss for the period plus any deferred tax charge or credit.

Current taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is provided in full, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Tax relating to items recognised directly in equity is also recognised directly in equity either in the statement of other comprehensive income or the statement of changes in equity in line with recognition of the item to which the tax relates.

Sales taxation

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2. Summary of accounting policies (continued)

Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as foreign currency forward contracts and interest rate swap contracts to hedge the risks of investments in foreign entities plus changes in foreign currency and interest rates. Such derivative financial instruments are stated at fair value.

The fair value of derivative financial instruments is based on appropriate valuation techniques which use market observable inputs such as prevailing market rates at each balance sheet date.

Changes in the fair value of derivative financial instruments which are designated as effective hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

Dividends

Final dividends are recorded in the Group's accounts in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are paid.

Notes to the Group Financial Statements

For the year ended 31 December 2011

2. Summary of accounting policies (continued)

New standards and interpretations not applied

IASB and IFRIC have issued the following standards and interpretations which are considered as relevant to the Group with an effective date after the date of these financial statements.

International Accounting Standards (IAS / IFRSs)	*Effective date**
Amendments to IFRS 7 - Disclosures – Transfers of Financial Assets	1 July 2011
Amendment to IAS 1R - Presentation of Items of Other Comprehensive Income	1 July 2012
Deferred tax: Recovery of Underlying Assets (Amendments to IAS 12)	1 January 2012
Amendments to IAS 19 - Employee Benefits	1 January 2013
IAS 27R - Separate Financial Statements	1 January 2013
IAS 28R - Investments in Associates and Joint Ventures	1 January 2013
IFRS 10 - Consolidated Financial Statements	1 January 2013
IFRS 11 - Joint Arrangements	1 January 2013
IFRS 12 - Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 - Fair Value Measurement	1 January 2013
IFRS 9 - Financial Instruments: Classification and Measurement	1 January 2015

* for periods beginning on or after

The effective dates stated are those given in the original IASB/IFRIC standards and interpretations. As the Group prepares its financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Group's discretion to early adopt standards.

The main impact of adopting IAS 19 will be that the group's expense for defined benefit pension and other post-retirement benefit plans will include a net interest income or expense, which will be calculated by applying the discount rate used for measuring the obligation and applying that to the net defined benefit asset or liability. This means that the expected return on assets credited to profit or loss (currently calculated based on the expected long-term return on pension assets) will now be based on a lower corporate bond rate, the same rate that is used to discount the pension liability. The evaluation of the effect of adoption of the amended standard has not yet been completed, however it is expected that this change will result in a higher net charge to the income statement once adopted.

IFRS 11 establishes a principle that applies to the accounting for all joint arrangements, whereby parties to the arrangement account for their underlying contractual rights and obligations relating to the joint arrangement. IFRS 11 identifies two types of joint arrangements; a 'joint venture' whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement and a 'joint operation' whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Although the evaluation of the effect of adoption of IFRS 11 has not yet been completed, it is expected that on adoption of this standard that the group's existing joint ventures, which are currently accounted for by recognizing the group's share of the assets, liabilities, revenue and expenses relating to the joint venture, will be required to be accounted for using the equity method.

Although the Directors evaluation of the effect of adopting the other standards and interpretations has not yet been completed, it is not expected that their adoption will have a material impact on the Group's financial statements in the period of initial application.

3. Revenue and segmental analysis

(a) Operating segments

The Group operates in four principal areas of activity – radio in GB, radio in Ireland, commercial television and new media. These four principal areas of activity also form the basis on which the Group is managed and reports are provided to the Chief Executive and the Board. Discontinued operations relate to an interactive television business which ceased to trade in February 2011.

Revenue represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax. Revenue from Radio and Television activities is generated from advertising and sponsorship. Revenue from New Media is generated from the provision of internet services. The amount of revenue derived from the sale of goods or other activities is immaterial and therefore has not been separately disclosed. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties.

The following tables present revenue and segment result information regarding the Group's business segments for the years ended 31 December 2011 and 2010.

Revenue

Year ended 31 December 2011

	Radio GB £000	*Radio Ireland £000*	*Television £000*	*New Media £000*	*Total £000*
Sales to third parties	52,065	22,514	35,569	11,403	121,551
Intersegmental sales	787	1,250	2,625	-	4,662
	52,852	23,764	38,194	11,403	126,213

Year ended 31 December 2010

	Radio GB £000	*Radio Ireland £000*	*Television £000*	*New Media £000*	*Total £000*
Sales to third parties	48,944	23,359	35,316	11,241	118,860
Intersegmental sales	754	1,388	2,333	-	4,475
	49,698	24,747	37,649	11,241	123,335

For the year ended 31 December 2011

3. Revenue and segmental analysis (continued)

(a) Operating segments (continued)

Results

Year ended 31 December 2011

	Radio GB *£000*	*Radio Ireland* *£000*	*Television* *£000*	*New Media* *£000*	*Total* *£000*
Segment operating profit before exceptional costs	12,291	6,438	6,453	1,528	26,710
Associate income					136
Profit before exceptional costs, tax and finance costs					26,846
Exceptional costs					(45,000)
					(18,154)
Net finance cost					(3,488)
Foreign exchange loss					(15)
Loss before taxation					(21,657)

Year ended 31 December 2010

	Radio GB *£000*	*Radio Ireland* *£000*	*Television* *£000*	*New Media* *£000*	*Total* *£000*
Segment operating profit before exceptional costs	11,475	6,992	5,470	1,920	25,857
Associate income					216
Profit before exceptional costs, tax and finance costs					26,073
Exceptional costs					(35,000)
					(8,927)
Net finance cost					(4,684)
Foreign exchange loss					(80)
Loss before taxation					(13,691)

3. Revenue and segmental analysis (continued)

(a) Operating segments (continued)

Other segmental information

Year ended 31 December 2011

	Radio GB £000	*Radio Ireland £000*	*Television £000*	*New Media £000*	*Total £000*
Depreciation	477	308	605	207	1,597

Year ended 31 December 2010

	Radio GB £000	*Radio Ireland £000*	*Television £000*	*New Media £000*	*Total £000*
Depreciation	504	371	560	201	1,636

(b) Geographic information

Turnover is generated from GB and Ireland. The following tables present revenue information regarding the Group's geographical segments for the years ended 31 December 2011 and 2010. Revenues relating to advertising are analysed based on the geographical location of the sales agencies through which the advertising revenues are registered. It is not possible to accurately analyse advertising revenue based on customer location.

Year ended 31 December 2011

	Ireland £000	*GB £000*	*Total £000*
Revenue from continuing operations			
Sales to third parties	50,920	70,631	121,551

Year ended 31 December 2010

	Ireland £000	*GB £000*	*Total £000*
Revenue from continuing operations			
Sales to third parties	50,796	68,064	118,860

4. Exceptional items

	2011 £000	*2010 £000*
Impairment of intangible assets	45,000	35,000

The impairment of intangible assets is explained within note 16.
The exceptional tax charge of £1,142,000 (2010: £10,235,000) is explained within note 10.

For the year ended 31 December 2011

5. Operating Costs

	Continuing operations		*Discontinued operations*		*Total*	
	2011 *£000*	*2010* *£000*	*2011* *£000*	*2010* *£000*	*2011* *£000*	*2010* *£000*
Purchase of programmes and programme rights	13,862	13,322	-	-	13,862	13,322
Cost of inventory expensed	1,714	1,456	-	-	1,714	1,456
Sales related costs	15,634	14,161	-	-	15,634	14,161
Other programme and operating costs	27,327	27,364	124	757	27,451	28,121
Staff costs (note 7)	32,741	33,271	157	602	32,898	33,873
Depreciation of property, plant and equipment	1,597	1,636	-	-	1,597	1,636
Licence payments	397	346	-	-	397	346
Operating lease rentals						
- equipment & motor vehicles	516	521	-	-	516	521
- land and buildings	1,387	1,270	50	194	1,437	1,464
Income from sub-leases	(303)	(323)	-	-	(303)	(323)
Profit on disposal of property, plant and equipment	(31)	(21)	-	-	(31)	(21)
	94,841	93,003	331	1,553	95,172	94,556

6. Auditor's remuneration

The Group has recognised the following in respect of amounts paid or payable to its auditors in respect of the audit of the financial statements and for other services provided to the Group.

	2011 *£000*	*2010* *£000*
Audit of financial statements	49	49
Other fees:		
Local statutory audits of subsidiaries	193	195
Other services pursuant to legalisation	17	17
Audit of the group pension schemes	5	4
Other services relating to taxation	39	116
All other services	4	16
	258	348

The Audit Committee approves all work undertaken by professional advisers, and resolved that the skills and experience of Ernst & Young LLP made it a suitable choice for the provision of these non-audit services and were satisfied that appropriate safeguards are in place to ensure that there is no threat to objectivity and independence in the conduct of the audit.

7. Staff costs

	Continuing operations		Discontinued operations		Total	
	2011 *£000*	*2010* *£000*	*2011* *£000*	*2010* *£000*	*2011* *£000*	*2010* *£000*
Wages and salaries	29,213	29,371	79	580	29,292	29,951
Redundancy costs	-	-	71	-	71	-
Social security costs	2,819	2,769	7	22	2,826	2,791
Other pension costs	709	1,131	-	-	709	1,131
	32,741	33,271	157	602	32,898	33,873

Included within wages and salaries is a charge of £570,000 (2010: charge of £395,000) and within social security costs £35,000 (2010: £23,000) relating to the share-based payments.

The average monthly number of employees during the year was made up as follows:

	2011 *No.*	*2010* *No.*
Radio GB	370	372
Radio Ireland	281	276
Television	197	194
New Media	94	89
	942	931

Details of Directors' emoluments in aggregate and for each Director (including bonuses, pension entitlements, long term incentives and interest in share options) are included within the audited section of the 'Report of the Board on Directors' Remuneration'.

8. Finance revenue

	2011 *£000*	*2010* *£000*
Bank interest received and receivable	165	76

9. Finance costs

	2011 *£000*	*2010* *£000*
Bank loans and overdrafts	3,103	3,289
Net settlement on interest rate swap	550	1,471
Total finance costs	3,653	4,760

For the year ended 31 December 2011

10. Taxation

(a) Tax on profit on ordinary activities

	2011 £000	2010 £000
Current income tax:		
UK corporation tax on profits for the year	(949)	(922)
Adjustments in respect of previous years	(92)	(128)
	(1,041)	(1,050)
Foreign tax:		
ROI corporation tax on profits for the year	(594)	(539)
Adjustments in respect of previous years	18	(60)
	(576)	(599)
Total current tax	(1,617)	(1,649)
Deferred tax:		
Origination and reversal of timing differences	(3,761)	(3,442)
Adjustments in respect of previous years	635	425
Tax charge in the income statement on operating activities	(4,743)	(4,666)
Tax credit arising on exceptional costs	-	9,450
Exceptional deferred tax credit	1,142	785
Total tax (charge)/credit	(3,601)	5,569
The tax (charge)/credit in the Income Statement is disclosed as:		
Tax (charge)/credit on continuing operations	(3,601)	5,569
Tax credit on discontinued operations	-	-
Tax (charge)/credit in the income statement	(3,601)	5,569
Tax relating to items in the Statement of Comprehensive Income		
Deferred tax:		
Actuarial loss/(gain) on pension schemes	820	(821)
Revaluation of cash flow hedges	(29)	(64)
Valuation of long term incentive plan	(8)	7
Tax credit/(charge) in the statement of comprehensive income	783	(878)

10. Taxation (continued)

(b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the effective standard rate of corporation tax in the UK of 26.5% (2010: 28%). The differences are reconciled below:

	2011 *£000*	*2010* *£000*
Loss from continuing operations before tax	(21,657)	(13,691)
Loss from discontinued operations before tax	(213)	(214)
Loss on ordinary activities	(21,870)	(13,905)
Loss on ordinary activities multiplied by effective standard rate of corporation tax in the UK of 26.5% (2010: 28%)	5,796	3,893
Effects of:		
Expenses not allowed for tax purposes	(36)	(55)
Utilisation of tax losses previously not recognised	67	69
Non-qualifying depreciation/amortisation	78	(28)
Lower taxes on overseas earnings	716	668
Tax overprovided in previous years	561	237
Impairment charge not allowed for tax purposes	(11,925)	-
Exceptional deferred tax credit	1,142	785
Tax (charge)/credit for the period	(3,601)	5,569

(c) Exceptional credit

During the year, the corporation tax rate in the UK was revised from 27% to 25% (effective from April 2012). Accordingly all the deferred tax assets and liabilities in respect in the reporting segments subject to UK corporation tax were restated to recognise the future gains or charges thereon at this rate. This resulted in a net credit of £1,142,000 in the year.

In 2010, the corporation tax rate in the UK was revised from 28% to 27% (effective from April 2011). Accordingly all the deferred tax assets and liabilities in respect in the reporting segments subject to UK corporation tax were restated to recognise the future gains or charges thereon at this rate. This resulted in a net credit of £785,000 in 2010.

In addition, during the year £Nil (2010: £9,450,000) was released from the deferred tax liability on the recognition of the impairment of intangible assets as outlined in note 16.

(d) Future corporation tax rate changes

In the emergency budget in June 2010, and in the 2011 and 2012 budgets, changes in future corporation tax rates in the UK have been proposed. As at 31 December 2011 only the revision to 25% from April 2012 has been approved. As the further proposed changes in the UK corporation tax rate have not yet been substantively enacted, deferred tax has been calculated at 25% at 31 December 2011. If the proposed corporation tax rate changes to 24% by April 2012 and of 1% per annum thereafter were to be fully approved and the tax rate reduced to 22% by 2014, the relevant deferred tax assets and liabilities would be restated accordingly resulting in a net exceptional credit of approximately £3,531,000.

In the Finance Bill published on 8 February 2012, the rate of corporate capital gains in the Republic of Ireland was increased from 25% to 30%. When the relevant deferred tax assets and liabilities are restated to reflect this an exceptional charge of approximately £2,433,000 will be recognised.

10. Taxation (continued)

(e) Unrecognised tax losses

The Group has tax losses which arose in the UK of £13,866,000 (2010: £18,700,700) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses.

(f) Temporary differences associated with group investments

At 31 December 2011, there was no recognised deferred tax liability (2010: £Nil) for taxes that would be payable on the unremitted earnings of certain Group subsidiaries and joint ventures as the Group has determined that the undistributed profits of its subsidiaries will not be distributed in the foreseeable future.

The temporary differences associated with investments in subsidiaries, associates and joint ventures, for which deferred tax liability has not been recognised aggregate to £3,176,000 (2010: £3,057,000). It is likely that the temporary timing differences would qualify for the UK dividend exemption and therefore no tax liability is expected to arise.

There are no income tax consequences attaching to the payment of dividends by the Group to its shareholders.

(g) Deferred tax

The deferred tax included in the balance sheet is as follows:

Deferred tax liability

	2011 *£000*	*2010* *£000*
Valuation of intangible assets on acquisition	35,702	37,906
Accelerated capital allowances	230	510
Deferred tax liability	35,932	38,416

	2011 *£000*	*2010* *£000*
Balance at 1 January	38,416	49,580
(Credited)/charged to the income statement	(243)	22
Foreign exchange movement	(322)	(445)
Credited to the statement of comprehensive income	-	-
Released on impairment of intangible assets	-	(9,450)
Credit due to change in UK corporation tax rate	(1,919)	(1,291)
Deferred tax liability	35,932	38,416

10. Taxation (continued)

(g) Deferred tax (continued)

Deferred tax asset

	2011 £000	*2010* £000
Pension liability	1,893	1,527
Valuation of interest rate swap	161	205
Decelerated capital allowances	469	634
Other temporary differences	1,100	1,158
Tax losses carried forward	2,888	6,352
Deferred tax asset	6,511	9,876

	2011 £000	*2010* £000
Balance at 1 January	9,876	14,255
Charged to the income statement	(3,371)	(2,995)
Credited/(charged) to the statement of comprehensive income	783	(878)
Charge due to change in UK corporation tax rate	(777)	(506)
Deferred tax asset	6,511	9,876

The deferred tax included in the group income statement is as follows:

	2011 £000	*2010* £000
Deferred tax in the income statement		
Accelerated capital allowances	(98)	(88)
Tax losses carried forward	(3,552)	(2,825)
Other temporary differences	(111)	(529)
Deferred income tax expense on operational activities	(3,761)	(3,442)
Adjustment in respect of previous years	635	425
Released on impairment of intangible assets	-	9,450
Exceptional deferred tax credit	1,142	785
Total deferred tax (charge)/credit	(1,984)	7,218

For the year ended 31 December 2011

11. Discontinued operations

Within Television an interactive television business ceased to trade in February 2011. The results of this business for the period until closure included as discontinued operations in the Group Income Statement for 2011 and 2010 are as follows:

	2011 £000	*2010 £000*
Revenue	118	1,339
Operating cost	(331)	(1,553)
Loss before tax from discontinued operations	(213)	(214)
Current tax credit	-	-
Loss from discontinued operations	(213)	(214)

In 2011 the cash flows of the discontinued operations resulted in a net cash outflow from operating activities of £201,000 (2010: £226,000) which was included in the Group Cash Flow statement.

12. Earnings per share

Basic earnings per share are calculated based on the profit for the financial year attributable to equity holders of the parent and on the weighted average number of shares in issue during the period.

Adjusted earnings per share are calculated based on the profit for the financial year attributable to equity holders of the parent adjusted for the exceptional items. This calculation uses the weighted average number of shares in issue during the period.

Diluted adjusted earnings per share are calculated based on profit for the financial year attributable to equity holders of the parent adjusted for the exceptional items. The weighted average number of shares is adjusted to reflect the dilutive potential of the Long Term Incentive Plan.

The following reflects the income and share data used in the basic, adjusted, diluted and diluted adjusted earnings per share calculations:

Net profit attributable to equity holders

	2011			**2010**		
	Continuing Operations £000	*Discontinued Operations £000*	*Total £000*	*Continuing Operations £000*	*Discontinued Operations £000*	*Total £000*
Net loss attributable to equity holders	(25,673)	(213)	(25,886)	(8,539)	(214)	(8,753)
Exceptional items	43,858	-	43,858	24,765	-	24,765
Total adjusted and diluted profit attributable to equity holders	18,185	(213)	17,972	16,226	(214)	16,012

12. Earnings per share (continued)

Weighted average number of shares

	2011 thousands	2010 thousands
Shares in issue	95,903	95,903
Weighted average number of treasury shares	(600)	(500)
Weighted average number of shares for basic and adjusted earnings per share (excluding treasury shares)	95,303	95,403
Effect of dilution of the Long Term Incentive Plan	609	456
	95,912	95,859

Earnings per share

	2011	2010
From continuing and discontinued operations		
Basic and diluted	(27.16)p	(9.17)p
Adjusted	18.86p	16.78p
Diluted adjusted	18.74p	16.70p
From continuing operations		
Basic and diluted	(26.94)p	(8.95)p
Adjusted	19.08p	17.01p
Diluted adjusted	18.96p	16.93p
From discontinued operations		
Basic and diluted	(0.22)p	(0.22)p
Adjusted and diluted adjusted	(0.22)p	(0.22)p

13. Dividends

	£000	£000
Equity dividends on ordinary shares		
Declared and paid during the year		
Final for 2010: 3.00p (2009: 2.00p)	2,862	1,908
Interim for 2011: 1.50p (2010: 1.00p)	1,428	954
Dividends paid	4,290	2,862
Proposed for approval at Annual General Meeting		
(not recognised as a liability at 31 December)		
Final dividend for 2011: 4.50p (2010: 3.00p)	4,284	2,862

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14. Property, plant and equipment

	Freehold land and buildings £000	*Leasehold improvements £000*	*Equipment and vehicles £000*	*Total £000*
Cost				
At 1 January 2010	8,359	1,742	20,154	30,255
Exchange adjustment	(56)	(41)	(189)	(286)
Additions	4	120	1,013	1,137
Disposals	-	(315)	(2,447)	(2,762)
At 31 December 2010	8,307	1,506	18,531	28,344
Exchange adjustment	(41)	(22)	(81)	(144)
Additions	29	294	1,919	2,242
Disposals	-	-	(1,229)	(1,229)
At 31 December 2011	8,295	1,778	19,140	29,213
Depreciation and impairment				
At 1 January 2010	2,682	282	15,851	18,815
Exchange adjustment	(9)	(7)	(154)	(170)
Charge for the year	33	100	1,503	1,636
Disposals	-	(237)	(2,395)	(2,632)
At 31 December 2010	2,706	138	14,805	17,649
Exchange adjustment	(8)	(1)	(68)	(77)
Charge for the year	34	99	1,464	1,597
Disposals	-	-	(1,229)	(1,229)
At 31 December 2011	2,732	236	14,972	17,940
Net book value				
At 31 December 2011	5,563	1,542	4,168	11,273
At 31 December 2010	5,601	1,368	3,726	10,695
At 1 January 2010	5,677	1,460	4,303	11,440

At 31 December 2011 the Group had entered into sterling contractual commitments for the acquisition of property, plant and equipment amounting to £Nil (2010: £323,000).

15. Intangible assets

	Licences £000	*Goodwill £000*	*Total £000*
Cost			
At 1 January 2010	194,275	81,632	275,907
Additions	-	82	82
Exchange adjustment	(1,781)	(2,475)	(4,256)
At 31 December 2010	192,494	79,239	271,733
Exchange adjustment	(1,287)	(1,793)	(3,080)
At 31 December 2011	191,207	77,446	268,653
Impairment			
At 1 January 2010	(13,400)	(1,477)	(14,877)
Charge for the year	(35,000)	-	(35,000)
At 31 December 2010	(48,400)	(1,477)	(49,877)
Charge for the year	-	(45,000)	(45,000)
At 31 December 2011	(48,400)	(46,477)	(94,877)
Net book value			
At 31 December 2011	142,807	30,969	173,776
At 31 December 2010	144,094	77,762	221,856
At 1 January 2010	180,875	80,155	261,030

The licences are radio licences which are granted for minimum periods of 10 years with the option of a renewal based on the company meeting the regulatory requirements of the licence. Similar licences have been successfully renewed at insignificant cost in the past, and consequently the Group has concluded that these assets have indefinite useful life but will be subject to annual impairment testing.

The recoverable value of the intangibles is measured using discounted cash flow forecasts and the valuation model at 31 December 2011 indicated impairment on these assets amounting to £45,000,000 (2010: £35,000,000) as explained in note 16.

Additions in 2010 represent a final contingent consideration on Tibus amounting to £13,000 plus goodwill of £69,000 in Propertypal.com Limited, a 50% share of which was acquired on 1 September 2010.

16. Impairment of goodwill and intangible assets with indefinite lives (continued)

Goodwill acquired with business combinations and intangibles with indefinite lives have been allocated at acquisition to the cash generating units that are expected to benefit from that business combination. The cash generating units under which these assets are considered are:

- talkSPORT
- Local Radio
- Radio Ireland
- New Media

The first two cash generating units relate to the Radio GB reporting segment, while the Radio Ireland and New Media cash generating units are also reporting segments. These cash generating units represent the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of each cash generating unit has been determined using value in use calculations. The key assumptions included in these value in use calculations relate to revenue growth, long term growth rates and the discount rates applied. The Group prepares cash flow forecasts for each cash generating unit based on the most recent 2012 budgets approved by the Board, internal forecasts of future growth over the period 2013 to 2016, with cash flows beyond this five year period extrapolated using expected long term growth rates. Further information on the assumptions used is detailed below

These value in use calculations at 31 December 2011 indicated impairment on these intangible assets amounting to £45,000,000 (2010: £35,000,000).

The impairment in 2011 relates to Radio Ireland and reflects the revision of the cash flow forecasts for this cash generating unit to recognise a longer than previously expected period of recovery from the difficult market conditions currently prevailing in the Republic of Ireland, combined with an increase in the discount rate applied to these cash flows. The higher discount rate reflects the increased sovereign risk arising from the current vulnerability of the Irish economy to developments in the wider Eurozone. This Irish sovereign risk factor accounts for £19,000,000 of the £45,000,000 impairment.

The impairment in 2010 related entirely to Local Radio in GB and reflected the revision of the cash flow forecasts for this cash generating unit as a result of a downward estimation of the growth opportunities in this sector coupled with the impact of an increase in the discount rate applied to the cash flows. It was noted at this time that in the course of the impairment test, the valuation of talkSPORT would have provided an overall surplus for Radio GB.

Carrying amount of goodwill and licences allocated to cash-generating units

	talkSPORT		*Local Radio*		*Radio Ireland*		*New Media*		*Total*	
	2011	*2010*	*2011*	*2010*	*2011*	*2010*	*2011*	*2010*	*2011*	*2010*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Goodwill	-	-	446	446	22,996	69,789	7,527	7,527	30,969	77,762
Licences	48,024	48,024	46,083	46,083	48,700	49,987	-	-	142,807	144,094
	48,024	48,024	46,529	46,529	71,696	119,776	7,527	7,527	173,776	221,856

16. Impairment of goodwill and intangible assets with indefinite lives (continued)

Key assumptions used in value in use calculations

The calculation of value in use is most sensitive to the following assumptions:

- Discount rates
- Revenue forecasts

Discount rates

The pre-tax discount rates used in the calculations of the value in use for the UK and ROI cash generating units were 11.5% (2010: 12.8%) and 12.3% (2010: 11.8%), respectively. These pre-tax discount rates reflect management's estimate of the Weighted Average Cost of Capital (WACC), a post-tax rate required to assess operating performance in each cash generating unit and to evaluate future capital investment proposals. Management's estimate of the WACC required for the Group's UK based cash generating units is 9.25% (2010: 10.3%) while that of its Republic of Ireland based cash generating unit has been estimated at 11.0% (2010: 10.3%). These WACC rates reflect the latest market projections for the risk-free rate in each country, equity risk premium and small company premium together with the cost of debt appropriate to the industry.

Revenue forecast

Revenue forecasts used in the calculation of value in use are based on available market information including independent forecasts. Current results and forecasts reflect the present wider economic uncertainty and the resultant downturn in advertising revenue in the Republic of Ireland.

In Radio GB industry forecasts are predicting that the market will be up by 3% to 5% in 2012. In Ireland, whilst there are no industry forecasts, our projections have assumed that there will be a small decline in 2012 followed by modest growth in 2013. The 2012 budgets have been set based on these assumptions. Given the strength of the UTV radio offering, the significant restructuring and reorganisation in recent years, and the consistent out-performance of the market, management believe that UTV radio is well positioned to take advantage of growth opportunities.

Management forecasts assume that revenues in the local radio market will return to the pre-recession performance by 2015 for local radio in GB. From 2013 through to 2016 it is forecast Radio GB, will deliver revenue growth of between 2.5% per annum to 5.0% per annum before accounting for any significant enhancements as a result of major sporting events. For Radio Ireland, it is now recognised that the impact of the recession is more prolonged and modest revenue growth of between 2.25% and 4.0% per annum is forecast for the period 2013 to 2016. Based on this, and coupled with a separate ROI discount rate incorporating an additional sovereign risk factor, an impairment amounting to £45,000,000 has been recognised in Radio Ireland this year.

Revenue within the New Media division is derived from a range of internet, telephony and web-design products. It is expected that this division will grow its market share in 2012 and operating performance will be ahead of that achieved in 2011. From 2013 through to 2016 it is forecasted to deliver ongoing revenue growth of between 3% per annum and 5% per annum based on the existing product portfolio of internet, telephony and web design services, together with new revenue streams.

The revenue growth rate used beyond 2016 is 2.25% (2010: 2.25%) being consistent with the long term average growth rate for the industry.

Sensitivity to changes in assumptions

Following the impairment charge in the current year for Radio Ireland and the 2010 charge for Local Radio in GB, the carrying values of the cash generating units equal or closely match their estimated recoverable amounts, as appropriate. In assessing the recoverable amounts management have considered reasonable possible changes in the above key assumptions and it is believed that reasonable adverse changes to the revenue growth can be managed and mitigated internally. Any adverse changes over and above this would cause the carrying value of these units to exceed the recoverable amount. Reasonably possible changes in the discount rate would not impact on the valuation of the Local Radio assets in GB. However, a further increase of 0.5% in the discount rate would have a £3,600,000 impact on the valuation of the assets in Radio Ireland.

With regard to other units, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of those units to exceed their estimated recoverable amount.

17. Investments

(a) Group

	2011 £000	2010 £000
Investment in associates accounted for using the equity method	126	172

This investment in the Group accounts comprises of a 30.2% share in Digital Radio Group (London) Limited, a company incorporated in England operating a commercial radio business. This investment is held by a subsidiary undertaking of UTV Media plc.

The following illustrates the summarised financial information of the Group's associate undertakings:

	2011 £000	2010 £000
Share of associate's balance sheet		
Non-current assets	8	11
Current assets	356	425
Share of gross assets	364	436
Current liabilities	238	264
Non-current liabilities	-	-
Share of gross liabilities	238	264
Share of net assets	126	172
Revenue	429	430
Profit after tax	136	216

17. Investments (continued)

(b) Group undertakings

In the opinion of the Directors, the following subsidiaries of the Company principally affected the results or financial position of the Group at 31 December 2011 or are the holders of radio licences or principal contracts within the Group:

	Country of incorporation		*Percentage of shares held*	*Nature of business*
UTV Limited	Northern Ireland		100%	Commercial Television
UTV New Media Limited	Northern Ireland		100%	Holding Company
UTV Internet Limited	Northern Ireland	*	100%	Internet service provider
The Internet Business Limited	Northern Ireland	*	100%	Web development
UTV Drive Limited	Northern Ireland	*	100%	New and used cars web portal
Recruitment Northern Ireland Limited	Northern Ireland	*	100%	Recruitment web portal
UTV Radio (ROI) Limited	Republic of Ireland		100%	Holding company
County Media Limited	Republic of Ireland	*	100%	Holding company
Radio County Sound Limited	Republic of Ireland	*	100%	Commercial Radio
Shawnee Limited	Republic of Ireland	*	100%	Sales agency
Cork Media Enterprises Limited	Republic of Ireland	*	100%	Commercial Radio
Treaty Radio Limited	Republic of Ireland	*	100%	Commercial Radio
City Broadcasting Limited	Republic of Ireland	*	100%	Commercial Radio
Independent Broadcasting Corporation Limited	Republic of Ireland	*	100%	Commercial Radio
Capital Radio Productions Limited	Republic of Ireland	*	100%	Commercial Radio
UTV Media (GB) Limited	England		100%	Holding company
talkSPORT Limited	England	*	100%	Commercial Radio
Pulse FM Limited	England	*	100%	Non-trading
Signal Radio Limited	England	*	100%	Non-trading
Swansea Sound Limited	England	*	100%	Non-trading
Radiowave (Blackpool) Limited	England	*	100%	Non-trading
Allied Radio Limited	Scotland	*	100%	Non-trading
102.4 Wish Limited	England	*	100%	Non-trading
Wire FM (1997) Limited	England	*	100%	Non-trading
Switchdigital (Scotland) Limited	Scotland	*	92%	Commercial Radio
Switchdigital (London) Limited	England	*	80.5%	Commercial Radio
UTV-EMAP Digital (B&H) Limited	England	*	80%	Commercial Radio
UTV-EMAP Digital Limited	England	*	70%	Commercial Radio
Grand Central Broadcasting Limited	England	*	100%	Non-trading
Tower 107.4 FM Limited	England	*	100%	Non-trading
Wolverhampton Area Radio Limited	England	*	100%	Non-trading
Perfecttaste Limited	England	*	100%	Non-trading

* held by a subsidiary undertaking

The Directors have taken advantage of the exemptions conferred by section 410 (1) and (2) of the Companies Act 2006.

Joint ventures

First Radio Sales Limited	England	*	50%	Sales agency
Propertypal.com Limited	Northern Ireland	*	50%	Property web portal

For the year ended 31 December 2011

17. Investments (continued)

(c) Joint ventures

At 31 December 2010 and 2011 there are two 50% joint venture companies, First Radio Sales and Propertypal.com Limited which was acquired on 1 September 2010. The revenue, expenditure, asset and liability information relating to the joint ventures proportionately consolidated in the Group accounts is disclosed below.

	2011 £000	*2010 £000*
Attributable to joint ventures:		
Revenue	1,262	1,074
Operating costs	(1,063)	(829)
Finance income	(4)	-
Profit before tax	195	245
Taxation	-	-
Profit for the year	195	245
Current assets	1,987	1,955
Current liabilities	1,920	1,840
Non-current liabilities	-	-

18. Derivatives

	2011 £000	*2010 £000*
Interest rate swaps		
Current liabilities	479	420
Non-current liabilities	207	370
	686	790

19. Inventories

	2011 £000	*2010 £000*
Programme and programming rights	1,530	1,714
Sundry stocks	3	27
	1,533	1,741

20. Trade and other receivables

	2011 £000	2010 £000
Trade receivables	19,595	17,551
Other receivables	1,653	2,371
Prepayments and accrued income	4,609	8,258
	25,857	28,180

Trade receivables are non-interest bearing and are generally on 30 day terms and are shown net of a provision for impairment. The amount of the provision netted against the gross trade receivables balance was £2,708,000 at 31 December 2011 (2010: £2,354,000).

The ageing of net trade receivables are as follows:

	Total £000	Neither past due nor impaired £000	¦----Past due but not impaired----¦ 31 – 60 days £000	61 – 90 days £000	>91 days £000
2011	19,595	10,464	6,553	1,673	905
2010	17,551	8,927	6,237	1,426	961

Movements on the provision against trade receivables are as follows:

	2011 £000	2010 £000
Opening balance	2,354	2,545
Foreign exchange	(15)	(23)
Charge for the year	574	418
Utilised	(205)	(586)
Closing balance	2,708	2,354

The credit quality of trade receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available otherwise historical information relating to counterparty default rates combined with current knowledge of the counterparty is used.

21. Cash and short term deposits

	2011 £000	2010 £000
Cash at bank and in hand	4,112	3,080
Short term deposits	3,093	8,170
	7,205	11,250

Cash at bank and in hand earns interest rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The fair value of cash and short term deposits is £7,205,000 (2010: £11,250,000) for the Group.

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22. Trade and other payables

	2011 £000	2010 £000
Trade payables	17,149	16,888
Other payables	1,761	1,418
Other taxation and social security	4,209	1,403
Accruals and deferred income	8,829	12,654
	31,948	32,363

23. Financial liabilities

	2011 £000	2010 £000
Current		
Current instalments due on bank loans	8,167	8,254
Non-current		
Non-current instalments due on bank loans	53,752	74,490
	61,919	82,744

There are three bank overdraft facilities in the Group with a cumulative limit of £2.5m in the UK and a €0.65m in the ROI. These are secured by a floating charge over the Group's assets. The borrowings at 31 December 2011 are stated net of £249,000 (2010: £419,000) of deferred financing costs. The effective interest rate of the bank loans including the impact of interest rate swap agreements is 4.09% (2010: 4.69%).

Bank loans at 31 December contracted in July 2008 and have been reduced by mandatory and voluntary repayments and now comprise the following:

	2011 £000	2010 £000
Senior facilities £55m 5 year amortising term loan "A"	37,500	42,500
Senior facilities £35m 5 year revolving credit loan "B"	3,000	15,000
Senior facilities €40m 5 year amortising term loan "C"	21,668	25,663
Senior facilities €5m 5 year revolving credit loan "D"	-	-
	62,168	83,163
Less current instalment on bank loans	(8,334)	(8,422)
	53,834	74,741

In November 2010 the Group signed an Amendment Agreement in respect of its senior facilities which were financed in July 2008. These amendments were agreed with an increased margin to facilitate additional headroom in the Net Debt to EBITDA ratio covenant while at the same time reducing the revolving credit committed Facility "B" by £5m and Facility "C" by €5m. The effective date of these amendments was 31 March 2010.

The £55m 5 year amortising term loan facility "A" (current balance of £37.5m) is repayable by ten instalments of £2.5m in June and December each year to 30 June 2013 with the first instalment having been made on 31 December 2008. A final payment or refinancing of £30.0m will be made on 25 July 2013.

The £40m revolving credit loan facility "B" is reduced to £35m and is available to the Group for the period to 25 July 2013 when any amounts drawn will be repaid or refinanced. A commitment fee of 45% of the applicable margin will be payable quarterly on any undrawn portion.

23. Financial liabilities (continued)

The €40m 5 year amortising term loan facility “C” (current balance of €26.0m) is repayable by ten instalments of €2m in June and December each year to 30 June 2013 with the first instalment having been made on 31 December 2008. A final payment or refinancing of €20m will be made on 25 July 2013.

The €10m revolving credit loan facility “D” is reduced to €5m and is available to the Group for the period to 25 July 2013 when any amounts drawn will be repaid or refinanced. A commitment fee of 45% of the applicable margin will be payable quarterly on any undrawn portion.

The sterling fixed interest rate swap contracted in 2005 and the euro fixed interest rate swap contracted in 2006 both matured in June 2010. To replace these, new contracts were put in place with Bank of Ireland and Barclays Bank. These new fixed interest rate swap contracts mitigate circa 60% of exposure in respect of the interest costs of the Group’s borrowing facilities from 30 June 2010 to 30 June 2013.

The applicable margins contracted on the financial liabilities in the current financial year range from 2.00% to 2.85% depending on the Net Debt to EBITDA ratio. The applicable margins paid in the current financial year are detailed below:

Applicable margin Senior Facilities	**From**	**To**
2.45%	1 January 2011	29 June 2011
2.25%	30 June 2011	31 December 2011

24. Obligations under leases and hire purchase contracts

Obligations under operating leases

The Group has entered into commercial leases for certain properties, motor vehicles and equipment. These leases have an average duration of between 1 and 21 years generally with an option for renewal at the end of lease term. There are no restrictions placed upon the lessee by entering into these leases. Future minimum rentals payable under operating leases are as follows:

	2011 £000	*2010 £000*
Not later than one year	1,411	1,554
After one year but not more than five years	3,380	3,852
After five years	3,586	4,220
	8,377	9,626

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25. Provisions

	Onerous leases £000	Dilapidation £000	Total £000
At 1 January 2011			
- Current	72	356	428
- Non-current	311	659	970
	383	1,015	1,398
Utilised	(40)	-	(40)
(Released)/created during the year	(226)	69	(157)
At 31 December 2011	117	1,084	1,201
Analysed as:			
- Current	30	405	435
- Non-current	87	679	766
	117	1,084	1,201

The provisions relate to estimated dilapidation costs and committed rental costs on transmission equipment with respect to discontinued operations and currently unoccupied properties rental costs are stated net of sublease income. The timing of these liabilities depends on each individual lease and the likelihood of subletting. The leases are between 3 and 24 years in duration and have zero to 11 years outstanding.

26. Share based payments

(a) Long term incentive plan

The Company currently has a long term incentive plan for certain UTV senior executives. During 2008, 2009, 2010 and 2011 executives were granted awards, with an exercise price of zero, of up to 100% of basic salary which are payable in shares at the end of three years to the extent that performance criteria are met.

Granted awards under the Company's long term incentive plan that were outstanding at the end of the year had the following market prices at the date of award:

End of qualifying period	*Market price on grant date*	*2011 No.*	*2010 No.*
31 December 2010	234.81p	-	552,837
31 December 2011	58.25p	2,609,080	2,609,080
31 December 2012	117.75p	1,217,955	1,217,955
31 December 2013	135.10p	955,613	-

The awards granted in 2008 with an end qualifying date of 31 December 2010 expired during the financial year. No awards were exercised during the financial year.

The awards and related market prices for the awards granted in 2008 have been restated to reflect the 2 for 3 rights issue of ordinary shares in July 2008.

Awards granted in 2009, 2010 and 2011

These awards have two performance conditions applied:

- For the 2009 award 25%, for the 2010 award 50% and for the 2011 award 65% is based on growth in diluted adjusted earnings per share (EPS) per annum over the three financial year period commencing with the financial year in which the awards were granted; and
- For the 2009 award 75%, for the 2010 award 50% and for the 2011 award 35% is based on the ranking of the Company's total shareholder return (TSR) against a comparator group comprising the companies of the FTSE All Share Media sector over the three financial year period commencing with the financial year in which the awards were granted.

26. Share based payments (continued)

EPS performance condition

For the EPS portion of the award, no award will vest unless the Company's annual EPS growth over the three financial years commencing with the financial year in which the award is granted exceeds 1% per annum for the 2009 award and the 2010 award and exceeds average RPI by at least 3% per annum for the 2011 award. If this level of growth is achieved, 25% of the award will vest. Additional vesting will be achieved on a straight line basis for further growth above this up to the maximum 100% for EPS growth in excess of 3% per annum for the 2009 award and the 2010 award and in excess of average RPI by at least 6% for the 2011 award. In determining the fair value of the awards, the fair value of the EPS portion of the awards is equal to the share price at the time of grant multiplied by the number of shares under award and the percentage vesting based on EPS performance spread over the period of vesting. It is assumed that all recipients of awards will fulfil their service conditions. Based on current market forecasts, it is not expected that the 2009 or 2011 EPS performance criteria will be achieved to satisfy the vesting of these awards and therefore no charge has been made to the accounts in respect of these awards (2010: £Nil). However, it is expected that the 2010 EPS performance criteria will be achieved in full and therefore a charge of £274,000 (2010: £202,000) has been made to the accounts.

TSR performance conditions

The amount of the award that vests to each senior executive increases in accordance with the level of performance achieved. Under the TSR portion of the award, no award will vest unless the Company's TSR compared to the TSR of the members of the comparator group is ranked at the median over the three financial year period commencing with the financial year in which the awards were granted. If this level is achieved then 25% of the award will vest. Additional vesting will be achieved on a pro rata basis if the ranking is between the median and upper quartile up to a maximum of 100% if the ranking is in the upper quartile. For the TSR portion of the awards the fair value of the awards has been derived using the Monte-Carlo simulation model, taking into account the terms and conditions upon which the awards were granted. The following table lists the inputs to the model used for the awards granted and the derived fair value of each share awarded.

	2011	*2010*
Dividend Yield (%)	0	0
Expected share price volatility (%)	57.8	32.1
Risk-free interest rate (%)	1.35	1.82
Expected life of options (years)	3	3
Share price (p)	135.10	117.75
Fair value derived (p)	94.71	70.10

The expected share price volatilities are estimated as the average of all the 3 year historical share price volatilities in the five years preceding grant date.

On vesting of the awards the participants are entitled to cash or shares equal in value to the dividends that would have been paid on those shares between the date of grant and the date of vesting. The fair value of the awards has been calculated on the assumption that the dividend right is settled in shares.

No other feature of awards granted was incorporated into the measurement of the fair value.

The valuation of these awards has resulted in a charge to the accounts of £331,000 (2010: £216,000). Based on the interim performance monitoring at 31 December 2011 it is not expected that the TSR performance criteria for both awards will be achieved to satisfy the vesting of these awards. All awards may be exercisable in the six month period from the date of vesting.

(b) Share Incentive Plan

The all-employee SIP enables eligible UK based employees to buy shares in the Company out of pre-tax salary, subject to a limit of £1,500, (£1,500 (or such lower amount) in one lump sum or a maximum of £125 per month) or if lower, 10% of the employee's pre-tax salary. During the year, 73,575 shares were purchased by the trustees of the SIP on behalf of 77 employees at a total cost of £95,000.

27. Authorised and issued share capital

Authorised shares

	Authorised		Allotted, issued and fully paid	
	2011 *£000*	*2010* *£000*	*2011* *£000*	*2010* *£000*
Ordinary shares of 5p each (2010: 5p each)	10,000	10,000	4,795	4,795
Redeemable preference shares of £1 each (2010: £1 each)	50	50	-	-
At 31 December	10,050	10,050	4,795	4,795

Ordinary shares issued and fully paid

	Number thousands	*Authorised nominal value £000*	*Number thousands*	*Issued nominal value £000*
At 31 December 2010 and 2011	200,000	10,000	95,903	4,795

Redeemable preference share capital

	Number thousands	*Issued nominal value* £000
At 31 December 2010 and 2011	50	-

28. Share capital and reserves

Equity share capital

The balance classified as equity share capital includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital, comprising £0.05 ordinary shares.

Foreign currency reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Cash flow hedge reserve

The cash flow hedge reserve is used to record the unrealised gains and losses incurred on the interest rate swap designated as a hedge of the expected floating rate interest payments on the £55m and €40m term bank loans.

Capital redemption reserve

This balance was created on redemption of 50,000 redeemable preference shares on 19 December 2007.

Treasury shares

Treasury shares represent the cost of UTV Media plc shares purchased in the market and held by the UTV Employee Benefit Trust to contribute towards the anticipated entitlement of senior executives to the vesting of awards in the long term incentive plans.

At 31 December 2011 the Group held 699,999 (2010: 499,999) of its own shares at an average cost of £2.17 (2010: £2.52). The market value of these shares at 31 December 2011 was £647,000 (2010: £684,000).

29. Derivatives and other financial instruments

(a) Capital structure and financial risk management

The Group's principal financial instruments, other than derivatives, comprise bank loans, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policy in relation to derivatives is set out in Note 2.

It is, and has been throughout the year under review, Group policy not to trade in financial instruments.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes during the years ending 31 December 2011 and 31 December 2010. Details on the capital structure are disclosed in the Financial Review.

Cash flow interest rate risk

The Group's exposure to the risk for changes in market interest rates relate primarily to the medium term debt obligations with a floating interest rate. The Group's policy is to manage its total interest cost using a mix of fixed and variable rate debts, with between 40% and 60% of its total committed borrowing facilities at fixed rates of interest. To manage this mix in a cost efficient manner, the Board has authorised interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed notional principal amount. These swaps are designated to hedge underlying debt obligations. At 31 December 2011, after taking into account the effect of interest rate swaps 42.1% (2010: 42.8%) of the interest arising until 30 June 2013 on the Group's committed borrowing facilities are at a fixed rate of interest.

Foreign currency risk

The Group has minimal transactional currency exposure arising from sales or purchases by an operating unit in currencies other than its functional currency. Approximately 4.5% (2010: 4.8%) of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst almost 4.8% (2010: 4.7%) of costs are denominated in currencies other than the unit's functional currency.

As a result of significant investment operations in the Republic of Ireland, the Group's income statement and balance sheet can be affected significantly by movements in the euro/sterling exchange rates. The Group seeks to mitigate the effect of the currency risk created by the euro cash flow from the ROI operations, by creating a natural hedge with the euro denominated borrowings.

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that exposure to bad debts is normally not significant. Other financial assets comprise of cash and cash equivalents which are therefore subject to minimal credit risk. As the Group trades only with recognised third parties there is no requirement for collateral.

Group policies also restrict the counterparties with which derivative transactions can be contracted and funds may be invested to those approved by the Group Treasury Manager and approved by the Board, comprising banks and financial institutions with a high credit rating. The Group Treasury Manager ensures that exposure is spread across a number of approved financial institutions.

29. Derivatives and other financial instruments (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts. Details of the Group's committed borrowing facilities are given in note 23. Group policy is that funding is reviewed in line with operational cash flow requirements and investment strategy. Repayment terms and conditions are approved by the Board in advance of acceptance of any facility. In November 2010, the Group signed an Amendment Agreement in respect to its Senior Facilities which were agreed in July 2008. These amendments were agreed to facilitate additional headroom in the Net Debt:EBITDA ratio covenant.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn bank facilities and cash and cash equivalents) on the basis of expected cashflows. This monitoring includes financial ratios to assess headroom under financial covenants on bank facilities and takes into account the accessibility of cash and cash equivalents.

(b) Fair values

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial assets and liabilities excluding trade receivables and payables, that are carried in the financial statements.

	Carrying amount		*Fair value*	
	2011	*2010*	*2011*	*2010*
	£000	*£000*	*£000*	*£000*
Financial assets				
Cash and short term deposits	7,205	11,250	7,205	11,250
Financial liabilities				
Interest-bearing loans and borrowings	61,919	82,744	61,919	82,744
Interest rate swap	686	790	686	790
	62,605	83,534	62,605	83,534

The fair value of interest rate swaps are based on a valuation technique which uses market observable inputs such as prevailing market forward interest rates as at 31 December 2011.

The Group uses the following hierarchy as set out in IFRS 7 "Financial Instruments: Disclosures" for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and,
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of interest rate swaps as at both 31 December 2010 and 2011 are considered by the Directors to fall within the level 2 fair value hierarchy. There have been no transfers between level 1 or 3 of the hierarchy during the current and previous years.

29. Derivatives and other financial instruments (continued)

(c) Interest rate risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates on floating rate borrowings, on cash on short term deposit and on interest rate swap, with all other variables held constant. The effect on equity is not considered material to the financial position of the Group and therefore no disclosure has been made.

Due to the volatility in the financial markets and the slow turnaround in the economy, the 2011 analysis considers only the impact of a rise in interest rates as a decrease in rates is not considered to be reasonably possible.

	Increase in basis points	*Effect on profit before tax £000*
2011		
Sterling	+50	(85)
Euro	+50	(76)
2010		
Sterling	+50	(102)
Euro	+50	(89)

(d) Credit risk

There are no significant concentrations of credit risk within the Group. The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

The Group has established procedures to minimise risk of default by trade debtors including detailed credit checks undertaken before a customer is accepted. Historically, these procedures have proved effective in minimising the level of impaired and past due debtors.

(e) Foreign exchange risk

The following table demonstrates the sensitivity to a reasonably possible change in the euro exchange rates with all other variables held constant, of the Group's profit before tax by an operating unit where the euro is not their functional currency (due to changes in the fair value of monetary assets and liabilities).

	Increase/ decrease in Euro rate	*Effect on profit before tax £000*
2011		
Euro	+2%	(18)
	-2%	18
2010		
Euro	+2%	(25)
	-2%	26

29. Derivatives and other financial instruments (continued)

(f) Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2011 and 2010 based on contractual undiscounted payments. In the table below interest rates on variable rate loans have been based on forward curves plus contracted applicable margins estimated based upon the Group's debt covenant forecasts.

	On demand £000	*Less than 3 months £000*	*3 to 12 months £000*	*1 to 5 years £000*	*>5 years £000*	*Total £000*
Year ended 31 December 2011						
Interest bearing loans and borrowings	-	529	9,833	55,004	-	65,366
Trade and other payables	399	11,778	14,833	729	-	27,739
Interest rate swap	-	117	481	273	-	871
	399	12,424	25,147	56,006	-	93,976

	On demand £000	*Less than 3 months £000*	*3 to 12 months £000*	*1 to 5 years £000*	*>5 years £000*	*Total £000*
Year ended 31 December 2010						
Interest bearing loans and borrowings	-	832	10,926	79,988	-	91,746
Trade and other payables	656	14,240	15,615	427	-	30,938
Interest rate swap	-	159	309	412	-	880
	656	15,231	26,850	80,827	-	123,564

Details of how the Group manages the liquidity risk arising from the above analysis are provided in note 29(a). As disclosed in note 29(a) the Group takes into account the accessibility of cash and cash equivalents in managing the liquidity risk in the above analysis, the amount of which at 31 December 2010 and 2011 is disclosed in note 21 and is available either on demand or within 3 months.

(g) Hedging activities

At 31 December 2011 the Group held four interest rate swaps which are designated to hedge a portion of the interest payments on each of the sterling denominated and euro denominated facilities arising until 30 June 2013. The Group recognised a loss of £449,000 (2010: £1,167,000) directly in equity and a charge in the finance cost line of £550,000 (2010: £1,471,000) in respect of these cash flow hedges.

Sterling interest rate swap

The secured sterling loan and sterling interest rate swaps are assessed to be highly effective. The fair value of the interest rate swaps at the balance sheet date was a liability of £601,000 (2010: liability of £735,000). These swaps are designated as a hedge of 80.7% (2010: 62.1%) of the expected floating rate interest payments expected to arise in the period to 30 June 2013 on £40.5m (2010: £57.5m) senior facilities sterling bank loans. The terms of these contracts are that the company pay a fixed rate of 2.37% and receive 3 month floating LIBOR rate from Bank of Ireland and Barclays Bank (net settled quarterly) on a £32,700,000 notional sum subject to a repayment schedule in line with the original £95m facilities bank loan. At 31 December 2011 the notional sum is £32,700,000 (2010: £35,700,000).

Euro interest rate swap

The secured euro loan and euro interest rate swaps are assessed to be highly effective. The fair value of the interest rate swaps at the balance sheet date was a liability of £85,000 (2010: liability of £55,000). These swaps are designated as a hedge of 40% (2010: 40%) of the expected floating rate interest payments expected to arise in the period to 30 June 2013 on the €26,000,000 (2010: €30,000,000) senior facilities euro bank loans. The terms of these contracts are that the company pay a fixed rate of 1.74% and receive 3 month floating EURIBOR rate from Bank of Ireland and Barclays Bank (net settled quarterly) on a €10,400,000 (2010: €12,800,000) notional sum subject to a repayment schedule in line with the €35m senior facilities euro bank term loan. At 31 December 2011 the notional sum is €10,400,000 (2010: €12,000,000).

30. Pensions and other post retirement benefits

The Group operates a defined benefit pension scheme in Northern Ireland ('The UTV Scheme'). The UTV Scheme is funded by the payment of contributions to separately administered trust funds. In addition, the scheme contains an unfunded element as described in the Report of the Board on Directors' Remuneration.

The assets and liabilities of the scheme at 31 December are:

	2011 *£000*	*2010* *£000*
Equities	49,060	54,931
Bonds	21,047	15,662
Cash	402	213
Fair value of scheme assets	70,509	70,806
Present value of scheme liabilities	(79,078)	(77,606)
Deficit in the scheme	(8,569)	(6,800)

The amounts recognised in the Group Income Statement and in the Group Statement of Comprehensive Income for the year are analysed as follows:

	2011 *£000*	*2010* *£000*
Recognised in the Income Statement		
Current service cost	(921)	(897)
Expected return on scheme assets	4,773	4,302
Interest cost on scheme liabilities	(4,152)	(4,067)
Recognised in arriving at operating profit	(300)	(662)
Recognised in the Statement of Comprehensive Income		
Actual return in scheme assets	454	9,944
Less: expected return on scheme assets	(4,773)	(4,302)
	(4,319)	5,642
Other actuarial losses	1,038	(2,599)
Actuarial (loss)/gain recognised in the statement of comprehensive income	(3,281)	3,043

Pension costs are assessed in accordance with the advice of a professionally qualified actuary and are accounted for on the basis of charging the cost of providing pensions over the period during which the Group derives benefit from the employees' services.

Notes to the Group Financial Statements

For the year ended 31 December 2011

30. Pensions and other post retirement benefits (continued)

Scheme assets are stated at their market value at the respective balance sheet dates. To develop the expected long term rate of return on assets, the company considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns on each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the long term rate of return on asset assumptions for the portfolio.

	31 December 2011	*31 December 2010*
Assumptions		
Rate of general increase in salaries	3.45%	3.85%
Pension in payment increase	2.95%	3.35%
Expected long term return on assets	5.53%	6.77%
Discount rate for scheme liabilities	4.80%	5.40%
Inflation	2.95%	3.35%
Expected return on scheme assets		
- Equities	6.30%	7.35%
- Bonds	3.84%	4.80%
- Cash	0.50%	0.50%
Assumed life expectancy for a 65 year old		
- Male: pensioner	21.2	21.0
- Female: pensioner	24.0	24.1
- Male: non-pensioner	23.6	23.2
- Female: non-pensioner	26.4	26.5

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

	£000
At 1 January 2010	(72,391)
Service cost	(897)
Members contributions	(272)
Benefits paid	2,620
Interest cost on scheme liabilities	(4,067)
Actuarial gains and losses	(2,599)
At 31 December 2010	(77,606)
Service cost	(921)
Members contributions	(257)
Benefits paid	2,820
Interest cost on scheme liabilities	(4,152)
Actuarial gains and losses	1,038
At 31 December 2011	(79,078)

30. Pensions and other post retirement benefits (continued)

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

	£000
At 1 January 2010	61,392
Expected return on scheme assets	4,302
Employer contribution	1,818
Members contribution	272
Benefits paid	(2,620)
Actuarial gains and losses	5,642
At 31 December 2010	70,806
Expected return on scheme assets	4,773
Employer contribution	1,812
Members contribution	257
Benefits paid	(2,820)
Actuarial gains and losses	(4,319)
At 31 December 2011	70,509

History of experience gains and losses

	2011 *£000*	*2010* *£000*	*2009* *£000*	*2008* *£000*	*2007* *£000*
UTV Pension Scheme					
Fair value of scheme assets	70,509	70,806	61,392	50,758	63,759
Present value of defined benefit obligation	(79,078)	(77,606)	(72,391)	(59,081)	(65,228)
Deficit in the scheme	(8,569)	(6,800)	(10,999)	(8,323)	(1,469)
Experience adjustments arising on plan liabilities	4,071	466	(555)	1,356	(511)
Experience adjustments arising on plan assets	(4,319)	5,642	7,568	(17,343)	(78)

	2011 *£000*	*2010* *£000*	*2009* *£000*	*2008* *£000*	*2007* *£000*
Radio Partnership Plan					
Fair value of scheme assets	-	-	-	959	1,004
Present value of defined benefit obligation	-	-	-	(1,229)	(1,396)
Deficit in the scheme	-	-	-	(270)	(392)
Experience adjustments arising on plan liabilities	-	-	-	-	-
Experience adjustments arising on plan assets	-	-	-	(184)	9

Notes to the Group Financial Statements

For the year ended 31 December 2011

30. Pensions and other post retirement benefits (continued)

The net defined benefit obligation comprises £7,162,000 (2010: £5,679,000) from plans that are wholly or partly funded and £1,407,000 (2010: £1,121,000) arising from unfunded plans.

The cumulative amount of actuarial gains and losses recognised since 1 January 2004 in the Group Statement of Comprehensive Income is £6,057,000 of losses (2010: £2,776,000 loss). The directors are unable to determine how much of the pension scheme deficit, recognised on transition to IFRSs and taken directly to equity, of £831,000 in the Group is attributable to actuarial gains and losses since inception of those pension schemes. Consequently, the directors are unable to determine the amount of actuarial gains and losses that would have been recognised in the Group Statement of Comprehensive Income before 1 January 2004.

The estimated normal Group contributions for the next financial period are £649,000 (2010: £561,000). In 2011 the Group made additional funding towards the actuarial deficit on the UTV Scheme amounting to £1,181,000 (2010: £1,181,000). The Group has also agreed to fund a further £1,181,000 each year to 2014 in addition to normal contributions. This revised schedule of payments was agreed as part of the merger of the Radio Partnership Plan into the UTV Scheme.

In addition in 2009 the Group transferred certain properties to the scheme and entered into a five year lease of those properties at an annual rent of £92,000 per annum. The Group and the trustees of the UTV Scheme have also entered into an agreement which provides both parties with an option to effect a transfer of the properties from the UTV Scheme to the Group at the end of the lease term for consideration of £1,450,000. For accounting purposes these transactions are treated as part of the schedule of contributions and hence are accounted for on cash basis, with no de-recognition of the properties or recognition of any future liabilities in the Group's financial statements.

The Group also operates a number of defined contribution pension schemes and personal pension schemes in Northern Ireland, the Republic of Ireland and Great Britain. Contributions are charged in the income statement as they become payable in accordance with the rules of the scheme. Contributions in the year amounted to £463,000 (2010: £412,000).

The most significant factor in deriving the pension liability is the discount rate. In applying sensitivity to this factor of plus or minus 0. 5% (2010: 0.5%) the impact on the scheme liabilities could be a decrease of 7.8% (2010: 6.9%) or an increase of 8.5% (2010: 7.7%). However movements in this sensitivity could result in other offsetting factors such as salary inflation.

31. Related party transactions

During the year the Group made sales in the normal course of business to its associated companies and was charged commission by its joint ventures. In addition, joint ventures collect trade receivables on behalf of the Group. Transactions entered into and the trading balances at the year end are summarised below. Payments are made and debts collected under normal trade terms.

	2011 £000	*2010 £000*
Sales to associated companies	500	475
Amounts owed by associated companies	-	-
Charges from joint ventures	573	558
Amounts owed by joint ventures	958	1,160
Amounts owed to joint ventures	-	191

The key management personnel in the Group are the Directors. Details of transactions with the Directors are included within the 'Report of the Board on Directors' Remuneration'.

Compensation of key management personnel

	2011 £000	*2010 £000*
Short-term employee benefits	1,838	2,338
Post employment benefits	389	315
Share-based payments	605	418
	2,832	3,071

32. Capital commitments

	2011 £000	*2010 £000*
Plant, property and equipment		
Contracted for and not provided in the accounts	-	323

At 31 December 2011 capital commitments of £Nil (2010: £Nil) were entered into by the Group's joint venture.

33. Post Balance Sheet Event

On 5 March 2012 UTV Media plc acquired 100% of the issued share capital of Simply Zesty Limited ('Simply Zesty'), a company registered in the Republic of Ireland.

The initial consideration was £1.7m, which was satisfied from the Company's existing banking facilities, with further tranches of deferred consideration payable depending upon Simply Zesty's future trading performance, to give a maximum potential consideration of approximately £5m. The initial consideration equates to four times the anticipated 2012 EBITDA.

Simply Zesty is Ireland's leading social media company. The acquisition is part of the Group's strategy to create a diversified multi-media business and Simply Zesty will continue to develop as part of UTV's New Media division.

The initial accounting for this business combination has not yet been completed and therefore further information, including details of the fair value of the assets and liabilities assumed and any goodwill arising cannot be provided at this time. This investment, the fair value of the assets and liabilities assumed, and the results of Simply Zesty from the date of acquisition will be included within the financial results of UTV Media plc for the year ended 31 December 2012.

Statement of Directors' Responsibilities in Relation to the Parent Company Financial Statements

For the year ended 31 December 2011

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those 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; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Auditors on the Parent Company Financial Statements

For the year ended 31 December 2011

Independent auditor's report to the members of UTV Media plc

We have audited the parent company financial statements of UTV Media plc for the year ended 31 December 2011 which comprise the parent company balance sheet and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 96, 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 financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit 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 Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Group company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of UTV Media plc for the year ended 31 December 2011.

David Galbraith (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
29 March 2012

Company Balance Sheet

At 31 December 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Investments	3	248,072	251,867
Current assets			
Debtors: amounts due within one year	4	14,062	7,233
Debtors: amounts falling due after one year	5	20,949	20,949
Cash at bank and in hand		9	18
		35,020	28,200
Creditors: amounts falling due within one year	6	(124,589)	(111,748)
Net current liabilities		(89,569)	(83,548)
Total assets less current liabilities		158,503	168,319
NET ASSETS		158,503	168,319
Capital and reserves			
Called up share capital	7	4,795	4,795
Capital redemption reserve	8	50	50
Share premium account	8	50,762	50,762
Profit and loss account	8	102,896	112,712
EQUITY SHAREHOLDERS FUNDS		158,503	168,319

The financial statements were approved by the Board of Directors and authorised for issue on 29 March 2012. They were signed on its behalf by:

John McCann
Norman McKeown
$\Big\}$ Directors

Notes to the Company Financial Statements

For the year ended 31 December 2011

1. Basis of preparation

The accounts are prepared under the historical cost convention, and in accordance with applicable UK accounting and financial reporting standards.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes. The Company is also exempt from the disclosures required by FRS 29 as the Group accounts include such disclosures.

2. Accounting policies

Fixed asset investments

Fixed asset investments are stated at cost less any provisions for permanent impairment in value. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where merger relief is available the cost is based on the nominal price of the shares issued.

Financial assets

Financial assets are recognised when the Company becomes party to the contracts that give rise to them and are classified as loans and receivables. When financial assets are recognised initially, they are measured at fair value, being the directly attributable transaction cost. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required. The Company has no financial assets classified as held for trading or held to maturity in the current period.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available-for-sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Called up share capital

Ordinary shares are classified as equity. Incremental costs directly attributable for the issue of new shares or options are shown in equity as a deduction from the proceeds.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Share based payments

The Group has a long term incentive share scheme under which it makes equity-settled share-based payments to eligible employees. The cost of equity-settled share-based payments are measured at fair value at the date of grant and recognised as an expense over the vesting period, which ends on the date on which the employees become fully entitled to the reward.

Fair value is estimated using appropriate models for the particular awards under consideration. In valuing equity settled transactions, no account is taken of any vesting conditions, other than the performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. These are also taken into account in determining the grant date fair value.

The cost of equity-settled share based payments is recognised, by the Company as an increase in the value of its investment in subsidiaries together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative cost recognised for equity-settled share based payments at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The cost for the period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Notes to the Company Financial Statements

For the year ended 31 December 2011

2. Accounting policies (continued)

Share based payments (continued)

Where the terms of an equity-settled payments award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of the any modification, based on the difference between the fair value of original award and the fair value of the modified award, both as measured at the date of modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (where non-vesting conditions within the control of either the entity or the employee are not met), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

3. Investments

	£000
Cost	
At 1 January 2011	333,672
Additions	605
Transfer to subsidiary undertaking	(4,400)
At 31 December 2011	329,877
Impairment	
At 1 January and 31 December 2011	81,805
Net book value	
At 31 December 2011	248,072
At 31 December 2010	251,867

Additions during the year related to the cost of long term incentives share scheme under which it makes equity-settled share-based payments to eligible employees of subsidiary undertakings.

The investment in UTV Internet Limited amounting to £4,400,000 was transferred to UTV New Media Limited which is a 100% subsidiary of the Company, at book value. The consideration was recognised as intercompany debt.

A list of the key subsidiary companies held by UTV Media plc is recorded in the Group accounts under note 17.

4. Debtors: amounts due within one year

	2011 *£000*	*2010* *£000*
Amounts due from group undertakings	14,062	7,233

5. Debtors: amounts falling due after more than one year

	2011 *£000*	*2010* *£000*
Preference share capital	20,949	20,949

This debtor represents redeemable preference shares in Anotherway (an unlimited company), a subsidiary company of UTV Media plc which is incorporated in the Republic of Ireland.

6. Creditors

	2011 £000	*2010 £000*
Accruals	102	91
Amounts owed to group undertakings	124,487	111,657
	124,589	111,748

7. Authorised and issued share capital

Ordinary share capital

	Authorised Number thousands	*Authorised Nominal value £000*	*Issued Number thousands*	*Issued Nominal value £000*
At 31 December 2010 and 2011	200,000	10,000	95,903	4,795

Redeemable preference share capital

	Authorised Number thousands	Authorised Nominal value £000	Issued Number thousands	Issued Nominal value £000
At 31 December 2010 and 2011	50	50	-	-

At 31 December 2011 the Group held 699,999 (2010: 499,999) of its own shares at an average cost of £2.17 (2010: £2.52). The market value of these shares at 31 December 2011 was £647,000 (2010: £684,000).

8. Reconciliation of movements in shareholders funds

	Called up share capital £000	*Capital redemption reserve* £000	*Share premium account* £000	*Profit and loss account* £000	*Total* £000
Balance at 1 January 2010	4,795	50	50,762	82,715	138,322
Profit for the period	-	-	-	32,359	32,359
Dividends paid	-	-	-	(2,862)	(2,862)
Share based payment	-	-	-	500	500
Balance at 31 December 2010	4,795	50	50,762	112,712	168,319
Loss for the period	-	-	-	(6,131)	(6,131)
Dividends paid	-	-	-	(4,290)	(4,290)
Share based payment	-	-	-	605	605
Balance at 31 December 2011	4,795	50	50,762	102,896	158,503

9. Related party transactions

The company has taken advantage of the exemption in FRS8 “Related Party Disclosures” from disclosing transactions with other wholly owned members of the UTV Media plc Group. There were no other transactions which fall to be disclosed under the terms of FRS8.

Registered Office and Advisers

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Registered Number: NI 065086
Company Secretary: N McKeown BSc (Econ) FCA

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