UTV Media plc

Interim Report

for the 6 months to 30 June 2013

UTV Media plc
(“UTV” or “the Group”)
Interim Results
for the six months ended 30 June 2013

Financial highlights *

- Group revenue of £55.2m (2012: £61.6m)
- Pre-tax profits of £6.1m (2012: £10.7m)
- Group operating profit of £7.8m (2012: £12.4m)
- Net debt of £50.2m (June 2012: £50.0m)
- Net finance costs of £1.6m (2012: £1.8m)
- Pension deficit of £6.0m (2012: £12.4m)
- Diluted adjusted earnings per share of 5.18p (2012: 8.78p)
- Proposed interim dividend of 1.75p (2012: 1.75p)

Operational highlights and prospects

- Clear signs of return to revenue growth in all our business units
- talkSPORT achieved highest audience in the station’s history
- talkSPORT successfully renewed exclusive national audio broadcasting rights for two Premier League packages for the next three football seasons
- talkSPORT extended its global audio rights agreement with the Premier League to offer exclusive live audio commentary of Barclays Premier League matches across Europe. The service now broadcasts in nine languages
- Absence of a major sporting event and decline in the UK radio market impacted Radio GB in H1 but prospects for strong talkSPORT revenue growth from the World Cup in 2014
- Radio Ireland assets continued to outperform the market with strong audience delivery
- Television division again outperformed the network in audience delivery achieving the highest peak-time audience in three years
- Merger of Simply Zesty and Tibus Digital Agency businesses to form one of Ireland’s largest full service digital agencies
- New Media restructuring will deliver improved offering and profitability
- Broadcast assets well placed to benefit from the improving macro-economic conditions
- Strong cash generation remains a key feature of our business
- Robust balance sheet with significant net debt reduction over the past five years

* As appropriate, references to profit include associate income

John McCann, Group Chief Executive, UTV Media plc, said:

“As expected the first half of the year has been challenging for the Group. However, we remain confident about the prospects for growth in the second half and as we move into the 2014 World Cup year.”

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Chairman's Statement

Introduction

In my Chairman's Statement for 2012, I borrowed football parlance from pundits on talkSPORT to characterise the different fortunes of the early and latter parts of that year as a "game of two halves". That phrase might again be applied to 2013, as a slow first half starts to give way to an improving performance in the second half of the year.

In particular, talkSPORT's revenue, which was impacted in the first six months by poor market conditions and the absence of a major sporting event, is forecast to grow in the post summer months, contributing to an overall improvement in GB Radio's performance. Similarly, Television advertising revenue, which was down in the first half, has bounced back into positive territory in the third quarter with strong growth being achieved in the previously soft Republic of Ireland market. That Republic of Ireland market has also been difficult for our Irish Radio division in the first six months, but growth is expected to return to that division in September. The previously flagged restructuring of our New Media division is continuing as we seek to improve profitability in this area.

Results and Dividend *

Group revenue was £55.2m (2012: £61.6m) and Group operating profit was £7.8m (2012: £12.4m) net of central group costs of £1.0m (2012: £2.2m). After a net interest charge of £1.6m (2012: £1.8m) and foreign exchange loss of £0.1m (2012: gain of £0.1m), Group profit before tax was £6.1m (2012: £10.7m). Diluted adjusted earnings per share were 5.18p (2012: 8.78p).

Even with reduced operating profit and some one-off significant cash outflows in the period, the Group continues to be highly cash generative. Our expectation is for a stronger second half of the year and for further growth in 2014. Accordingly, your Board considers that the interim dividend should be maintained at 1.75p (2012: 1.75p). This will be paid on 15 October 2013 to all shareholders on the Register at the close of business on 13 September 2013.

Radio *

The positive impact of Euro 2012 in the first half last year was always going to present a tough comparator for talkSPORT. This, and a 9% reduction in the UK radio national advertising market, are the main factors behind a £3.4m fall in talkSPORT's UK advertising revenue. With our local radio revenue lower at £10.3m (2012: £10.7m), GB Radio's total revenue was down by 14% to £24.1m (2012: £27.9m). With costs £0.4m higher at £21.6m, due primarily to investment in talkSPORT International, GB Radio's operating profit fell to £2.5m (2012: £6.7m).

Good progress has been made in extending the talkSPORT brand and content beyond the UK, on the back of our 2012 agreement to become Global Audio Partner of the Premier League. By the end of June 2013 we had secured new syndication partners in multiple markets including China, Malaysia and Vietnam. In addition to these, more recently we announced agreements in Singapore and with the USA's Dial Global. We have also successfully extended our agreement with the Premier League to include radio commentary inside Europe (excluding the UK and Ireland) for the first time.

In Ireland, the radio advertising market continued to be difficult throughout the first six months of 2013. Over the last few years, our very strong audience delivery in the key urban areas has enabled us to consistently outperform the market, which is estimated to be down by as much as 15% in the six months to 30 June 2013. We again outperformed the market, with our Irish Radio revenue down by 12% in local currency and by 10% in sterling to £9.8m (2012: £10.8m). With costs held at last year's level, operating profit in our Irish Radio division was £2.1m (2012: £3.1m).

** As appropriate, references to profit include associate income*

Chairman's Statement

Television

Our Television advertising revenue in the first quarter was negatively impacted by the poor trading conditions in Ireland, offsetting a good performance in our revenue derived from London. This position was reversed in the second quarter with a soft market in GB detracting from a stronger performance in Ireland. Encouragingly, as noted above, Television advertising revenue performance is much stronger in both Ireland and GB in the third quarter. Overall, Television advertising revenue in the first half was down by 8% with total Television turnover at £15.3m (2012: £16.9m). With Television operating costs reduced by 6%, Television operating profit in the 6 months to 30 June 2013 was £3.3m (2012: £4.2m).

New Media

The restructured Tibus Digital Infrastructure business delivered revenues of £0.9m (2012: £1.0m) and continued to develop digital assets for key projects within the Group, including talkSPORT International's live streaming services and ongoing development of the UTV Player. Simply Zesty continued to evolve from a specialist social media marketing agency, post-acquisition, into a full service digital agency following the merger with Tibus Digital Agency, with revenue in the first six months up 19% to £1.4m (2012: £1.2m). Overall turnover in New Media for the first half was in line with the previous year at £6.0m (2012: £6.0m), with operating profit at £0.9m (2012: £0.6m).

Outlook

The trading challenges of the first half have eased in the second half of the year. We are encouraged that industry commentators continue to be positive about the remainder of 2013 and it does appear that the last months of the year will make up much of the lost ground of the early months.

In GB Radio, July advertising revenue was lower than last year but expected growth in the post summer months augurs well for the rest of the year, with talkSPORT forecast to be up by 5% and 10% year on year in August and September respectively. The prospect of additional international partnerships and the build-up of interest in the FIFA World Cup, starting with the draw at the end of this year, should provide further revenue opportunities.

Irish Radio revenue slipped further in August but September is forecast to move into healthy growth and, after adjusting for FX, our revenue is expected to be up by 5% in the third quarter. Television advertising revenue is growing strongly in both GB and Ireland and is expected to be up by 11% in the third quarter. In New Media, we expect operating profit to be up on the same period for the previous year.

Advertising revenue is strongly influenced by the broader economic environment and consumer confidence. Recent macroeconomic data suggests that we are heading towards recovery which should see advertising enjoy renewed growth. The recent growth experienced in television revenues, with their longer lead times, provides encouragement for a similar trend to be seen in our radio revenues. As we look towards 2014, the prospects for strong revenue generation for talkSPORT also appear promising. Nevertheless, the volatility in our advertising revenue over the last eighteen months confirms that the road to recovery is not necessarily a smooth one and we will continue, therefore, to be prudent in managing the affairs of the Group.

Richard Huntingford
Chairman

27 August 2013

Group Income Statement

for the six months ended 30 June 2013

	Notes	***Results before Exceptional Items 30 June 2013***	*Exceptional Items 30 June 2013*	*Total 30 June 2013*	***Results before Exceptional Items 30 June 2012 (restated)***	*Exceptional Items 30 June 2012 (restated)*	*Total 30 June 2012 (restated)*
		£000	*£000*	*£000*	***£000***	*£000*	*£000*
Revenue	3	**55,176**	-	55,176	**61,551**	-	61,551
Operating costs		**(47,398)**	-	(47,398)	**(49,219)**	-	(49,219)
Operating profit before tax and finance costs		**7,778**	-	7,778	**12,332**	-	12,332
Share of results of associates accounted for using the equity method		**62**	-	62	**90**	-	90
Profit before tax and finance costs	3	**7,840**	-	7,840	**12,422**	-	12,422
Finance revenue		**34**	-	34	**53**	-	53
Finance costs		**(1,648)**	-	(1,648)	**(1,850)**	-	(1,850)
Foreign exchange (loss)/gain		**(172)**	-	(172)	**66**	-	66
Profit before tax	3	**6,054**	-	6,054	**10,691**	-	10,691
Taxation		**(1,211)**	(1,425)	(2,636)	**(2,296)**	(1,684)	(3,980)
Profit for the year		**4,843**	(1,425)	3,418	**8,395**	(1,684)	6,711
Attributable to:							
Equity holders of the parent		**4,704**	(1,425)	3,279	**8,210**	(1,684)	6,526
Non-controlling interest		**139**	-	139	**185**	-	185
		4,843	(1,425)	3,418	**8,395**	(1,684)	6,711

Earnings per share		**2013**	**2012** *(restated)*
Basic	6	3.44p	6.85p
Diluted	6	3.42p	6.81p
Adjusted	6	5.21p	8.83p
Diluted adjusted	6	5.18p	8.78p

All operations of the Group are continuing.

Group Statement of Comprehensive Income

for the six months ended 30 June 2013

	30 June 2013	*30 June 2012 (restated)*
	£000	*£000*
Profit for the period	**3,418**	6,711
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gain/(loss) on defined benefit pension schemes	**3,325**	(3,301)
Income tax relating to items that will not be reclassified subsequently	**(765)**	734
	2,560	(2,567)
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges:		
Loss arising during the year	**(1)**	(134)
Less transfers to the income statement	**328**	247
Exchange difference on translation of foreign operations	**2,488**	(1,290)
Income tax relating to items that may be reclassified	**(21)**	31
	2,794	(1,146)
Other comprehensive income/(loss) for the year, net of tax	**5,354**	(3,713)
Total comprehensive income for the year, net of tax	**8,772**	2,998
Attributable to:		
Equity holders of the parent	**8,633**	2,813
Non-controlling interest	**139**	185
	8,772	2,998

Group Balance Sheet

for the six months ended 30 June 2013

	Notes	*30 June 2013*	*30 June 2012 (restated)*	*31 December 2012*
		£000	*£000*	*£000*
ASSETS				
Non-current assets				
Property, plant and equipment	7	12,109	11,566	11,910
Intangible assets		180,209	176,133	176,589
Investments accounted for using the equity method		166	216	104
Deferred tax asset		2,501	5,623	4,250
		194,985	193,538	192,853
Current assets				
Inventories		317	352	1,643
Trade and other receivables		22,617	26,033	25,163
Cash and short term deposits		9,066	14,606	10,958
		32,000	40,991	37,764
TOTAL ASSETS		226,985	234,529	230,617
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Equity share capital		55,557	55,557	55,557
Capital redemption reserve		50	50	50
Treasury shares		(123)	(1,523)	(1,523)
Foreign currency reserve		8,506	5,881	6,018
Cash flow hedge reserve		-	(444)	(251)
Retained earnings		28,277	22,439	28,680
		92,267	81,960	88,531
Non-controlling interest		619	510	480
TOTAL EQUITY		92,886	82,470	89,011
Non-current liabilities				
Financial liabilities	8	56,343	62,967	58,948
Pension liability	10	6,041	11,170	12,409
Provisions		387	744	800
Deferred tax liabilities		37,964	36,937	36,154
		100,735	111,818	108,311
Current liabilities				
Trade and other payables		26,175	31,769	26,033
Financial liabilities	8	4,388	4,526	4,292
Derivative financial liabilities		-	570	324
Tax payable		2,016	2,944	2,275
Provisions		785	432	371
		33,364	40,241	33,295
TOTAL LIABILITIES		134,099	152,059	141,606
TOTAL EQUITY AND LIABILITIES		226,985	234,529	230,617

Group Cash Flow

for the six months ended 30 June 2013

	30 June 2013	*30 June 2012 (restated)*
	£000	*£000*
Operating activities		
Profit before tax	6,054	10,691
Adjustments to reconcile profit before tax to net cash flows from operating activities		
Foreign exchange loss/(gain)	172	(66)
Net finance costs	1,614	1,797
Share of results of associates	(62)	(90)
Depreciation of property, plant and equipment	945	834
Amortisation of intangible assets	188	-
Non cash decrease in contingent consideration	(1,369)	-
Loss/(profit) from sale of property, plant and equipment	5	(194)
Share based payments	225	283
Difference between pension contributions paid and amounts recognised in the income statement	(3,043)	(963)
Decrease in inventories	1,325	1,181
Decrease in trade and other receivables	3,139	4
Decrease in trade and other payables	(5,952)	(4,829)
Decrease in provisions	1	(25)
Cash generated from operations	3,242	8,623
Tax paid	(672)	(178)
Net cash inflow from operating activities	2,570	8,445
Investing activities		
Interest received	36	64
Proceeds on disposal of property, plant and equipment	6	263
Purchase of property, plant and equipment	(1,059)	(1,184)
Outflow on acquisition of subsidiary undertaking	(200)	(1,670)
Outflow on acquisition of radio licences	-	(180)
Net cash flows from investing activities	(1,217)	(2,707)
Financing activities		
Borrowing costs	(884)	(1,137)
Swap cost	(328)	(247)
Refinancing cost	-	(936)
Dividends paid to equity shareholders	(18)	(8)
Dividends paid to non-controlling interests	-	(144)
Repayment of borrowings	(2,139)	(61,416)
Proceeds from borrowings	-	65,595
Net cash flows used in financing activities	(3,369)	1,707
Net (decrease)/increase in cash and cash equivalents	(2,016)	7,445
Net foreign exchange differences	124	(44)
Cash and cash equivalents at 1 January	10,958	7,205
Cash and cash equivalents at 30 June	9,066	14,606

Group Statement of Changes in Equity

for the six months ended 30 June 2013

	Equity share capital	*Capital redemption reserve*	*Treasury shares*	*Foreign currency reserve*	*Cashflow hedge reserve*	*Retained earnings (restated)*	***Share holder equity*** *(restated)*	*Non-controlling interest*	***Total*** *(restated)*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	***£000***	*£000*	***£000***
At 1 January 2012	55,557	50	(1,523)	7,171	(521)	22,414	**83,148**	469	**83,617**
Profit for the period	-	-	-	-	-	6,526	**6,526**	185	**6,711**
Other comprehensive (loss)/income in the period	-	-	-	(1,290)	77	(2,500)	**(3,713)**	-	**(3,713)**
Total net comprehensive (loss)/income in the period	-	-	-	(1,290)	77	4,026	**2,813**	185	**2,998**
Share based payment	-	-	-	-	-	283	**283**	-	**283**
Equity dividends paid and payable	-	-	-	-	-	(4,284)	**(4,284)**	(144)	**(4,428)**
At 30 June 2012	55,557	50	(1,523)	5,881	(444)	22,439	**81,960**	510	**82,470**
Profit for the period	-	-	-	-	-	8,351	**8,351**	172	**8,523**
Other comprehensive income/(loss) in the period	-	-	-	137	193	(717)	**(387)**	-	**(387)**
Total net comprehensive income in the period				137	193	7,634	**7,964**	172	**8,136**
Share based payment	-	-	-	-	-	273	**273**	-	**273**
Equity dividends paid	-	-	-	-	-	(1,666)	**(1,666)**	(202)	**(1,868)**
At 31 December 2012	55,557	50	(1,523)	6,018	(251)	28,680	**88,531**	480	**89,011**
Profit for the period	-	-	-	-	-	3,279	**3,279**	139	**3,418**
Other comprehensive income in the period	-	-	-	2,488	251	2,615	**5,354**	-	**5,354**
Total net comprehensive income in the year	-	-		2,488	251	5,894	**8,633**	139	**8,772**
Treasury shares issued	-	-	1,400	-	-	(1,521)	**(121)**	-	**(121)**
Share based payment	-	-	-	-	-	225	**225**	-	**225**
Equity dividends paid and payable	-	-	-	-	-	(5,001)	**(5,001)**	-	**(5,001)**
At 30 June 2013	55,557	50	(123)	8,506	-	28,277	**92,267**	619	**92,886**

Notes to the accounts

1. Basis of preparation

The interim financial statements have been prepared in accordance with IAS34 “Interim Financial Reporting” and the Disclosure and Transparency Rules of the Financial Conduct Authority.

In addition, except for the adoption of new standards effective from 1 January 2013 as noted below, the interim financial statements have been prepared on a basis consistent with the accounting policies set out in the Group’s annual Report and Accounts for the year ended 31 December 2012.

The Group Income Statement, the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity and affected notes have been restated for the 6 months ended 30 June 2012 and the year ended 31 December 2012, to reflect changes in the calculation of pension costs in accordance with IAS19 "Employee Benefits (Revised)". The net charge to the Income Statement for the 6 months ended 30 June 2012 increased by £263,000, on a pre tax basis, with a tax impact of £60,000, following the introduction of the concept of recognising net interest on the net defined benefit obligation in place of the interest on the defined benefit obligation and the expected return on plan assets recognised under the original standard. In conjunction with this change the directors have also reclassified from operating costs to other finance costs the net finance cost arising on defined benefit obligations. The net effect of these changes has been to increase operating costs and reduce operating profit by £64,000 and increase other finance costs by £199,000. The corresponding impact for the year ended 31 December 2012 was an increased charge of £525,000 pre tax, with a tax impact of £121,000. The restatements were reflected in the Group Statement of Comprehensive Income. There was no impact on the disclosed defined benefit obligation at either period end.

The amendments to IAS 1 introduce a grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and had no impact on the Group’s financial position or performance.

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Group. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. Some of these disclosures are specifically required for financial instruments by IAS 34 and thereby affect the interim condensed consolidated financial statements period. The relevant disclosures are reflected in note 9.

The balance sheet at 30 June 2012 has been restated to reclassify the contingent consideration from trade and other payables to financial liabilities in line with the classification in the financial statements for the year ended 31 December 2012. The relevant amounts are reflected in note 8.

The exceptional items for the period ended 30 June 2012 have been restated to remove international start-up costs and the associated tax credit which, in the financial statements for the year ended 31 December 2012, were not deemed to be exceptional due to materiality and were therefore included within operating costs within the Radio GB operating segment.

These interim financial statements have been prepared on the going concern basis as the directors, having considered available relevant information, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The interim results are unaudited but have been formally reviewed by the auditors and their report to the Company is set out at the end of this Interim Report. The information shown for the year ended 31 December 2012 does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and has been extracted from the Group’s 2012 Annual Report, which has been filed with the Registrar of Companies. The report of the auditors on the accounts contained within the Group’s 2012 Annual Report was unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006 regarding inadequate accounting records or a failure to obtain necessary information and explanations

Notes to the accounts

2. Seasonality and cyclicality

There is no significant seasonality or cyclicality affecting the interim results of the operations.

3. Segmental information

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. The following is an analysis of the revenue and results for the period, analysed by reportable segment. Central costs, which had previously been included within the Television segment, are now reported separately to the Chief Executive and the Board and are therefore now analysed separately below. The Television segment operating profit for 30 June 2012 has been restated for this and for the impact of IAS 19 "Employee Benefits (Revised)" as outlined in note 1. Radio GB segment operating profit for the six months ended 30 June 2012 has been restated as detailed in note 1.

Revenue

Six months ended 30 June 2013

	Radio GB	*Radio Ireland*	*Television*	*New Media*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Sales to third parties	24,028	9,770	15,318	6,060	55,176
Intersegmental sales	372	630	1,016	91	2,109
	24,400	10,400	16,334	6,151	57,285

Six months ended 30 June 2012

	Radio GB	*Radio Ireland*	*Television*	*New Media*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Sales to third parties	27,862	10,821	16,878	5,990	61,551
Intersegmental sales	406	642	1,455	69	2,572
	28,268	11,463	18,333	6,059	64,123

Notes to the accounts

3. Segmental information (continued)

Results

Six months ended 30 June 2013

	Radio GB £000	***Radio Ireland £000***	***Television £000***	***New Media £000***	***Total £000***
Segment operating profit	**2,398**	**2,074**	**3,384**	**923**	**8,779**
Central costs					**(1,001)**
Associate income					**62**
Profit before tax and finance costs					**7,840**
Net finance cost					**(1,614)**
Foreign exchange loss					**(172)**
Profit before taxation					**6,054**

Results

Six months ended 30 June 2012

	Radio GB *(restated)* ***£000***	***Radio Ireland £000***	***Television*** *(restated)* ***£000***	***New Media £000***	***Total*** *(restated)* ***£000***
Segment operating profit	6,639	3,107	4,210	575	14,531
Central costs					(2,199)
Associate income					90
Profit before tax and finance costs					12,422
Net finance cost					(1,797)
Foreign exchange gain					66
Profit before taxation					10,691

Notes to the accounts

4. Exceptional tax charge

		30 June 2013 £000	30 June 2012 (restated) £000
Exceptional tax credit	(i)	-	751
Exceptional tax charge	(ii)	(1,425)	(2,435)
		(1,425)	(1,684)

(i) In the budget on 21 March 2012, the Autumn Statement on 5 December 2012 and the budget on 20 March 2013, tax changes were announced for the UK which have an impact on the Group's current and future tax position.

The exceptional tax credit of £751,000 in 2012 arose from the restatement of the relevant deferred tax balances to reflect the change in the UK corporation tax rate from 25% to 24% with effect from 1 April 2012, which was substantially enacted on 26 March 2012.

As at 31 December 2012, the revision of the corporation tax from 24% to 23% from April 2013 had been substantially enacted. Accordingly all the deferred tax balances subject to UK corporation tax were calculated at 23% at 31 December 2012 resulting in a further exceptional deferred tax credit of £748,000 in the second half of 2012.

On 3 July 2013, the revision of the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015 was substantially enacted. As a result, it is expected that the deferred tax will be calculated at 20% at 31 December 2013 and that an exceptional deferred tax credit of £2,620,000 will be recognised in the second half of the year.

(ii) In the finance bill published on 13 February 2013, the rate of corporate capital gains in the Republic of Ireland was increased from 30% to 33%. The exceptional tax charge of £1,425,000 in 2013 arises from the restatement of the relevant deferred tax assets and liabilities to reflect this.

In the finance bill published on 8 February 2012 and passed into law on 2 April 2012, the rate of capital gains tax in the Republic of Ireland was increased from 25% to 30%. The exceptional tax charge of £2,435,000 in 2012 arises from the restatement of the relevant deferred tax assets and liabilities to reflect this.

5. Dividends

	30 June 2013 £000	30 June 2012 £000
Equity dividends on ordinary shares		
Declared at the AGM during the period		
Final for 2012: 5.25p (2011: 4.50p)	5,001	4,284
Proposed but not recognised as a liability at 30 June		
Interim for 2013: 1.75p (2012: 1.75p)	1,677	1,666

The final dividend for 2012 was paid on 15 July 2013 (2011: 16 July 2012).

Notes to the accounts

6. Earnings per share

Basic earnings per share is calculated based on the profit for the financial period 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 period attributable to equity holders of the parent adjusted for the exceptional items and the impact of net finance costs under IAS 19 "Employee Benefits (Revised)". This calculation uses the weighted average number of shares in issue during the period.

Diluted earnings per share are calculated based on profit for the financial period attributable to equity holders of the parent. Diluted adjusted earnings per share are calculated based on profit for the financial period attributable to equity holders of the parent before exceptional items and the impact of net finance costs under IAS 19 "Employee Benefits (Revised)". In each case the weighted average number of shares is adjusted to reflect the dilutive potential of the awards expected to be vested on the Long Term Incentive Schemes.

Earnings per share for the period ended 30 June 2012 has been restated to reflect the impact on profit of changes in the calculation of pension costs in accordance with IAS19 "Employee Benefits (Revised)" as explained in note 1.

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

	30 June 2013	*30 June 2012 (restated)*
	£000	*£000*
Net profit attributable to equity holders	3,279	6,526
Exceptional items	1,425	1,684
Adjustments to net financing costs	258	199
Total adjusted and diluted profit attributable to equity holders	4,962	8,409

Weighted average number of shares

	2013 thousands	*2012 thousands*
Shares in issue	95,903	95,903
Weighted average number of treasury shares	(593)	(700)
Weighted average number of shares for basic and adjusted earnings per share (excluding treasury shares)	95,310	95,203
Effect of dilution of the Long Term Incentive Plan	536	609
	95,846	95,812

Notes to the accounts

6. Earnings per share (continued)

Earnings per share

	2013	***2012*** *(restated)*
Basic	3.44p	6.85p
Diluted	3.42p	6.81p
Adjusted	5.21p	8.83p
Diluted adjusted	5.18p	8.78p

7. Property, plant and equipment

During the period the Group spent £1,009,000 (2012: £1,271,000) on capital additions.

8. Financial liabilities

	30 June 2013 £000	***30 June 2012 £000***	***31 December 2012 £000***
Current			
Current instalments due on bank loans	4,063	3,985	3,852
Current instalment due on contingent consideration	325	541	440
Non-current			
Non-current instalments due on bank loans	55,208	60,622	56,500
Non-current instalment due on contingent consideration	1,135	2,345	2,448
	60,731	67,493	63,240

The bank loans at 30 June 2013 are stated net of deferred financing costs amounting to £842,000 (30 June 2012: £1,042,000; 31 December 2012: £939,000).

The Group's bank facilities comprise a £65m Revolving Credit Facility and a €25m Term Loan Facility which mature in May 2017. The Term Loan Facility has bi-annual repayments of €2.5m in June and December of each year.

Notes to the accounts

9. Derivatives and other financial instruments

The Group's principal financial instruments 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.

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*
	30 June 2013	*30 June 2013*
	£000	*£000*
Financial assets		
Cash and short term deposits	9,066	9,066
Financial liabilities		
Interest-bearing loans and borrowings	59,271	59,271
Contingent consideration	1,460	1,460
	60,731	60,731

The fair value of contingent consideration, which arose on the acquisition of Simply Zesty Limited in March 2012, is measured using the present value of the probability-weighted average of pay out associated with each possible outcome of EBITDA achieved under the related earn out agreement.

The Group uses the following hierarchy as set out in IFRS 7 "Financial Instruments: Disclosures" and IFRS 13 "Fair Value measurement" 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 contingent consideration is considered by the Directors to fall within the level 3 fair value hierarchy. There have been no transfers between level 1, 2 or 3 of the hierarchy during the current and previous years.

In January 2013 the Group entered into an agreement with a previous corporate shareholder of Simply Zesty Limited to pay cash consideration of £200,000 in settlement of their rights in relation to contingent consideration with an estimated fair value of £1,031,000. At this stage the Group also announced the merger of its two digital marketing agencies Simply Zesty and Tibus Digital. The resultant restructuring coupled with finance costs of £25,000 due to unwind of the discounts and foreign exchange losses of £116,000, have led to a further reduction in the fair value of the contingent consideration amounting to £397,000 from 31 December 2012.

As part of a restructuring in the Group, subsequent to 30 June 2013 the outstanding contingent consideration was settled with consequent full release.

10. Pension schemes

The IAS 19 deficit at 30 June 2013 is £6,041,000 (30 June 2012: £11,170,000) compared with a deficit of £12,409,000 at 31 December 2012. The decrease is predominately due to a strong return on equities resulting in an increase in the scheme's assets and a discretionary employer contribution of £1,209,000.

Notes to the accounts

11. Related party transactions

The nature of related parties disclosed in the consolidated financial statements for the Group as at and for the year ended 31 December 2012 has not changed. There have been no significant related party transactions in the six month period ended 30 June 2013.

Risks and uncertainties

The 2012 Annual Report sets out the most significant risk factors relating to UTV Media plc's operations in the Company's judgement at the time of that report. The Company does not consider that these principal risks and uncertainties have changed. However additional risks and uncertainties not currently known to the Company or that the Company does not currently deem material may also have an adverse effect on its business.

With respect to the risks and uncertainties identified within the Annual Report, the Chairman's statement highlights those risks and uncertainties that will have significant impact throughout 2013.

Statement of directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors of UTV Media plc. Accordingly, the directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union;
- the interim report includes a fair review of the information required by the Disclosure and Transparency Rules:
  - DTR 4.2.7R, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - DTR 4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period, and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board:

John McCann
Group Chief Executive
27 August 2013

Independent review report to UTV Media plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the 6 months ended 30 June 2013 which comprises the Group Income Statement, Group Statement of Comprehensive Income, Group Balance Sheet, Group Statement of Changes in Equity, Group Cash Flow Statement and the related notes 1 to 11. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 6 months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
Belfast
27 August 2013