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Summary of Results

John B McGuckian
Chairman

Financial highlights on continuing operations *

- Group revenue up by 7% to £120.2m (2009: £112.1m)
- Group operating profit up by 8% to £25.9m (2009: £24.0m)
- Record pre-tax profits up by 17% to £21.1m (2009: £18.1m)
- £17.0m reduction in net debt over 12 months to £71.5m (2009: £88.5m), a 34% reduction over the last 2 years
- Net finance costs down by 19% to £4.7m (2009: £5.8m)
- Impairment charge of £35.0m recognised on Local Radio licences
- Diluted adjusted earnings per share from continuing operations up by 15% to 16.70p (2009: 14.49p)
- Proposed final dividend of 3.00p (2009: 2.00p) resulting in a full year dividend up by 100% to 4.00p (2009: 2.00p)

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

Operational highlights and prospects

- Continuing strong audience delivery across both Radio and Television
- Radio divisions materially outperformed their markets
- GB Radio revenue, strengthened by the World Cup and Premier League content plus the inclusion of Sport magazine, experienced significant growth in the year
- Radio Ireland delivered a robust performance in challenging market conditions
- Television revenue experienced strong growth
- Greater operational flexibility created by strong cash management leading to significant debt reduction

Key Dates

- **17 May 2011** – date of Annual General Meeting
- **27 May 2011** – record date for payment of dividends
- **15 July 2011** – payment of dividends

Chairman's Statement

UTV Board of Directors: N. McKeown, R. Bailie, S. Taunton, H. Kirkpatrick, J. B. McGuckian , J. McCann, K. Lagan, S. Reihill and J. Downey

Introduction

It is pleasing to note that, despite the macroeconomic environment, your company achieved record pre-tax profits, pre exceptional items, in 2010. Equally pleasing is the fact that net debt was reduced by 34% over the two years to 31 December 2010. This debt reduction was achieved in the difficult economic circumstances of the past two years whilst maintaining a level of dividend payment to our shareholders. Our Radio businesses continued to grow in importance for the Group and accounted for 72% of pre exceptional operating profit in the year under review.

Results *

Operating profit in our Radio divisions increased by 12% to £18.7m (2009: £16.7m) whilst Television operating profit was maintained at £5.3m. New Media operating profit was slightly down at £1.9m (2009: £2.0m). Group operating profit therefore was £1.9m higher at £25.9m (2009: £24.0m). After charging net interest of £4.7m (2009: £5.8m), group profit before tax and exceptional items was up by 17% to £21.1m (2009: £18.1m). The exceptional items after tax of £24.8m (2009: £2.4m) relate primarily to an accounting non-cash impairment charge in respect of GB radio assets.

Dividend

Our dividend policy over the past two years has been shaped by the need to be cautious in recessionary times and by our stated objective to reduce our debt. While continuing to drive down debt and remaining prudent during uncertain economic conditions, nevertheless we believe that it is now appropriate to increase the dividend to partly reflect our improved profit and debt performance.

Therefore, your Board is recommending a final dividend of 3.00p (2009: 2.00p) making a total for the year of 4.00p (2009: 2.00p), an increase of 100%. The final dividend will be paid on 15 July 2011 to all shareholders on the Register at the close of business on 27 May 2011.

Radio *

Our radio divisions accounted for 60% of group turnover and 72% of group operating profit in 2010. Total radio operating profit of £18.7m (2009: £16.7m) comprised £11.7m (2009: £9.7m) from our GB division and £7.0m (2009: £7.0m) from our Ireland division.

Within our GB division talkSPORT, including the first full year of Sport magazine, delivered operating profits up by 36% to £6.4m (2009: £4.7m) on turnover up by 27% to £28.2m (2009: £22.2m). This compares to a national radio advertising market which was up by 6% in the year. talkSPORT's creditable growth in turnover was enhanced by the World Cup, but its ability to deliver strong male demographic audiences year round is its key attraction to advertisers. Our focus on providing quality programming was evident both in a 24% improvement year on year in listenership and in our winning the rights to two Premier League Football packages for the three years commencing 2010/11, which should further drive audience delivery.

Our local radio stations in GB also recorded an improvement in audience delivery, with listenership up by 10% year on year, which helped to offset weakness in the local advertising revenue market. Operating profit at our local radio stations was up by 6% to £5.3m (2009: £5.0m) on turnover down by 1% to £21.0m (2009: £21.3m). This compares to a local radio advertising market which was flat in the year.

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

Chairman's Statement

"Group profit before tax and exceptional items was up by 17% to £21.1m"

The market in which our Irish radio stations operate was extremely difficult, but this was mitigated by our ability to offer national advertisers a package comprising our leading stations in key urban areas. Indeed, the listenership of the local radio stations for which we sell airtime overtook that of the state broadcaster's main national radio channel for the first time. Consequently, although turnover in our Irish radio division was down by 2% at constant currency, this was a significant outperformance of a total market which we estimate to be down by at least 10%. In sterling terms, our Irish radio revenue was down by 6% to £23.4m (2009: £24.8m). Strenuous efforts to further reduce costs ensured that operating profit at our Irish radio division was maintained at £7.0m.

Television

The television advertising market enjoyed a good recovery in 2010 with the World Cup providing an additional stimulus which lifted ITV network revenue by 15% in the year. Weakness in our advertising revenue from the Republic of Ireland resulted in our television advertising revenue underperforming that of the network by 11 percentage points in the first half, but this gap was closed in the second half when we outperformed the network by 3 percentage points. For the year as a whole, our television advertising revenue was up by 11%, helping to lift total television turnover to £36.7m (2009: £32.6m). Costs were also higher, primarily due to World Cup rights and production, and additional bonuses and commissions on the improved revenue. As a result, television operating profit was flat at £5.3m.

New Media

In a highly competitive market place our New Media division developed a number of new revenue streams which have helped mitigate the reduction in revenue to £11.2m (2009: £11.5m). A continued focus on costs has also enabled the division to deliver an operating profit of £1.9m (2009: £2.0m).

Impairment Review

The Wireless Group was acquired as a single asset in 2005. Accounting rules required that the carrying value of intangible assets inherent within The Wireless Group – largely the radio licences held - had to be determined at the date of acquisition and allocated on the basis of subjective forecasts for "cash generating units" within that asset, now known as UTV Radio GB. Each year the individual cash generating units are assessed for impairment in our group financial statements. The impact of the recession has caused us to revise downwards the growth forecasts for the local radio stations within that division. Together with a higher discount rate this has resulted in the carrying value of the local radio stations' licences within Radio GB being subject to an impairment charge of £35.0m which reduces the carrying value to £46.1m. talkSPORT's robust performance, even in the economic downturn, has far exceeded our original forecasts but this improvement cannot be recognised in our accounts. If reviewed in totality there would have been no requirement for an impairment charge in UTV Radio GB.

Prospects *

The new year has started well for the group despite the prevailing economic uncertainty. Our GB radio division revenue is expected to be up by 3% in the first four months of 2011, which would be a significant outperformance of a UK market likely to be down by about 6%. A similarly strong outperformance of the depressed Irish market by our Irish radio division is expected to maintain radio advertising in the four months to the end of April at the same level as last year against a market likely to be down at least 5%. In television, we continue to enjoy strong growth and anticipate an 8% improvement in the first four months, which should be broadly in line with the market. In the same period, turnover in New Media is in line with last year.

Overall, therefore, we expect turnover in the first four months of 2011 to be up by 2%, which would be particularly encouraging after a year of record pre tax profits. The fragility of both consumer confidence and economic recovery may lead to volatility in the advertising markets in which we operate, making it imprudent to forecast revenue for the year as a whole. 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 costs and cash provides some measure of confidence for 2011.

People

I wish to place on record my appreciation of the significant contribution which the Board, management and staff made to the successful outcome for the year.

John B McGuckian
Chairman
31 March 2011

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

Business Review

"Despite the macroeconomic environment, your company achieved record pre-tax profits, pre exceptional items, in 2010."

John McCann
Group Chief Executive

Radio GB

Revenues in our GB division grew by 13% to £48.9m (2009: £43.2m), a significant outperformance of the UK Radio industry which experienced advertising revenue growth of 1% during the same period. Revenue growth in talkSPORT including the first full year of Sport Magazine was 27%. Despite the additional costs of the FIFA World Cup and an increase in Barclays Premier League rights, the Radio GB division delivered an operating profit, including income from associates, of £11.7m (2009: £9.7m), an increase of 20%.

talkSPORT

Audience growth is at the core of our strategy in each of our media businesses and our investment in rights and talent continues to deliver success for talkSPORT. By year end, the station's audience had grown by 24% year on year to 3.1 million adults listening each week (2009: 2.5 million). Listening hours had also grown significantly to 24.5 million hours each week, up by 20% in the year (2009: 20.4m). The station is now the leading commercial radio station in the country amongst listeners under the age of 50.

Sports rights, such as the FIFA World Cup and talkSPORT's exclusive coverage of Barclays Premier League matches on Saturday evenings and early Sundays, coupled with new presenters such as Harry Redknapp, Eddie Irvine and Neil Warnock, have helped to drive this audience. New signings such as Andy Gray and Richard Keys and the exclusive commentary on the 2011 Rugby World Cup will assist in driving audiences.

Whilst the overall scale of the audience is valuable, of equal importance to advertisers, and therefore revenues, is the demographic profile of the station's listeners. talkSPORT's primary audience is men, with a bias towards younger, more affluent listeners. In these categories, the station has demonstrated significant growth. Male listeners are up by 27% to 2.5m (2009: 2.0m) which represents 81% of the audience (2009: 79%). More affluent, ABC1 listeners increased by 29% to 1.3m (2009: 1.0m), making up 55% of the audience (2009: 53%) and listeners aged 15-34 increased by 56% to 1.1m (2009: 0.7m), representing 36% of listeners (2009: 32%).

Sales at talkSPORT were up by 15% in the year to £23.5m (2009: £20.4m), well ahead of the national radio advertising market which was up by 6% during the same period.

The acquisition of Sport Magazine for a nominal sum in June 2009, and its successful integration into the talkSPORT sales operation, UTV Pitch, has further strengthened the sales proposition.

With an audited weekly circulation of 306,000 copies, the magazine is the second most read Men's magazine in the UK. Its audience is 75% male, 87% ABC1 and 85% under the age of 45. This profile complements that of the talkSPORT audience and has led to considerable cross media sales activity.

Following a hypothetical auction process conducted by Ofcom, talkSPORT's licence has been extended for seven years from 1 January 2012 at a nominal fee of £10,000 per annum.

Local Radio

Our local radio division in GB consists of 13 local radio stations and shareholdings in 7 digital multiplexes across England, Scotland and Wales. Revenues in this division declined by 1% in 2010, against the wider local radio advertising market which remained flat. Audiences across these stations performed strongly, growing by 10% year on year to 1.2 million weekly listeners (2009: 1.1m) and weekly listening hours grew by 17% to 11.2 million (2009: 9.6 m).

This audience growth reflects the group's stated objective of engaging local audiences through the broadcasting of locally focussed programming initiatives. These include the inclusion of local football and rugby league commentaries in key markets such as Stoke, Swansea, Bradford and Huddersfield, Chesterfield, Wigan and St Helens, Warrington and Bolton. Our 'Proud to be Local' campaign highlights the group's commitment to this programming at a time when most commercial radio groups are reducing their locally produced programming.

First Radio Sales, a joint venture with UKRD in which we hold a 50% stake, represents the national airtime sales of 116 UK radio stations. These stations constitute 11% of all commercial radio listening in the UK and, when sold collectively, offer a compelling sales proposition for national and multinational advertisers.

Radio Ireland

Revenue in our Radio Ireland division was down by 6% to £23.4m (2009: £24.8m) but continued rigorous cost control delivered operating profit of £7.0m (2009: £7.0m). In local currency, revenue declined by 2% in a market which we estimate was down by at least 10%.

The Radio Ireland division comprises 7 radio stations and a wholly owned sales house, UTV Radio Solutions, which sells airtime for all 7 UTV stations plus 2 independent stations.

Business Review

The very significant outperformance of the market highlighted above was achieved within the context of strong audience delivery in each of our radio stations. These stations all enjoy market leading positions in key cities and towns throughout Ireland. The total daily listeners of our local radio stations aggregated with the listeners of two independent radio stations for whom we sell airtime, exceeded the listenership of any of the other national broadcasters, including two state owned national channels, for the first time in 2010. This substantial audience is concentrated in the major urban areas and, when bundled together in one package sold by our internal sales house, is a very attractive proposition for national advertisers. National advertising on our group stations is supplemented by our continuing ability to deliver large audiences to local advertisers in each of the urban areas in which we operate.

Cork's 96FM, Limerick's Live 95FM and LMFM in Louth/Meath all consolidated their market leading positions in key urban areas with market shares of 42%, 35% and 29% respectively. In Dublin, FM104 and Q102 equally contributed to a 22% share of the market. U105 in Belfast delivered a steady performance during the year and its weekly reach increased from 136,000 to 140,000 during 2010.

In 2009 we launched our own national news service providing national and international news to all group stations. During 2010 this news service has consolidated its position as a leading provider of news and now provides news to the Group stations and two independent stations.

In May 2010 the Broadcasting Authority of Ireland signed a ten year extension to the licence for our Dublin station Q102 which is aimed at the 35-55 age group.

Television

The television market rebounded from the decline of the previous year and we recorded an increase in advertising revenue of 11%. Revenue from Great Britain was especially strong but Dublin remained a challenging market place. The increase in revenue was reflected across a range of categories, with Retail and Cars being particularly strong.

Overall, revenue in the Television division increased by £4.1m to £36.7m (2009: £32.6m).

UTV continued to be the most watched channel in Northern Ireland. In 2011 our peak time share was 28.1%, BBC NI had 17.9%, and Channel 4 delivered 6.4%.

The new BARB panel, which measures television viewing, was introduced from 1 January 2010. The new panel was structured to more accurately reflect the population demographics of our region. The effect of the change was a 15% increase in our commercial impacts in the year. This made television and, in particular UTV, even more attractive to advertisers.

Through our cable retransmission and overspill in the Republic of Ireland, UTV is an all Ireland television broadcaster, being available in 87% of multi-channel homes in the Republic where UTV's peak time share of adults is 7.1%.

In 2010 we launched an HD service, re-launched the UTV Player and made programming available through the PlayStation 3 platform. A smartphone news app was also launched. During the year UTV moved from being a single channel provider to becoming a true multiplatform content service, ready to offer advertising platforms and viewing options for a digital age.

Based on Ofcom figures, the Digital penetration in our region is at 87%, paving the way for full digital switchover in 2012.

UTV is also working closely with ITV plc to achieve licence renewal and ensure that the ITV Networking Arrangements are fit for purpose in a multi-channel environment. We continue to argue for the removal of the Contract Rights Renewal formula.

New Media

Revenue in the New Media division was maintained at £11.2m and operating profit for the year was £1.9m (2009: £2.0m).

New Media is an internet service provider and web development and hosting company. During the year the division acquired a 50% shareholding in PropertyPal, an online portal to buy and sell property in Northern Ireland.

The division continues to work closely with Television and Radio in the provision of web sites and other online facilities such as catch-up television and pre and post roll advertising, which led to a significant increase in web traffic during 2010.

During 2011 New Media will work closely with the other divisions within the group to enhance further the quality and scope of the Group's digital offering.

Principal Risks and Uncertainties

Details on the governance arrangements by which risks and uncertainties are monitored and managed are set out in the 'Corporate Governance' report. The risk factors that we consider to be most significant to the Group's operations, and where applicable an explanation of how these are managed or mitigated, are outlined below. The risks described below do not necessarily comprise all those associated with the Group and are not set out in any particular order of priority. Additional risks and uncertainties that are not currently known by the Directors, or that are currently deemed immaterial, may also have an adverse effect on the Group.

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.

The regulations are continually under review and variations may be applied to the licenses. 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.

Business Review

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.

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.

Performance of ITV

The Group's television broadcasting activities are highly dependent on the performance of ITV 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 advertising by ITV sales house.

The programme supply contracts with ITV1 network are monitored by Ofcom, reviewed by UTV and updated on a regular basis. The relationship with ITV is managed pro-actively with ongoing communication. UTV attends the ITV Council meetings of the ITV1 network which provides regular updates on programme and schedule developments.

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 businesses markets both for organic and acquisitive growth, as well as new ventures in other markets.

Market Conditions in the Advertising Sector

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 adverse economic factors being experienced in the trading environment, the budgeted spend on advertising by sellers of products and services, is often materially cut.

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 companies to use the Group's businesses as their main advertising outlet. Additionally, the Group continually reviews the cost basis in each of its businesses to ensure that further efficiencies are being sought and achieved.

Economy and Financial Markets

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 current economic environment may also restrict the availability of debt facilities and future refinancing options 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. The Group utilises appropriate hedging instruments to manage interest rate costs. It also manages foreign currency investment by allocating and matching the asset profile with debt funding of the operations in the local currency.

Pension Scheme

The UTV defined pension scheme is currently in deficit and the investment strategy for the scheme is designed to reduce any market movement impacts and to recognise where there is a diminution in the value of equity and bond investments. Other risks relate to increased life expectancy and new valuation requirements which could further increase the deficit. As a consequence 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. A formal actuarial valuation is performed every three years to ensure that there is independent assessment of the financial position of the fund. The Group's senior management meet during the year with the pension trustees to consider matters such as investment criteria, funding policy and the effects of any changes in pension legislation.

John McCann
Group Chief Executive
31 March 2011

Financial Review

> **"Continued emphasis placed on cash generation/debt reduction has resulted in a year on year decrease in net debt of £17.0m to £71.5m, bringing the total reduction over the two years to 34%"**

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.

Results

The key financial metrics utilised by the Group to evaluate performance are revenue, operating profit before exceptional items, pre-tax profit, adjusted earnings per share and net cash flow generation.

Revenue

Group revenue from continuing operations has increased by 7% or £8.1m to £120.2m when compared to 2009.

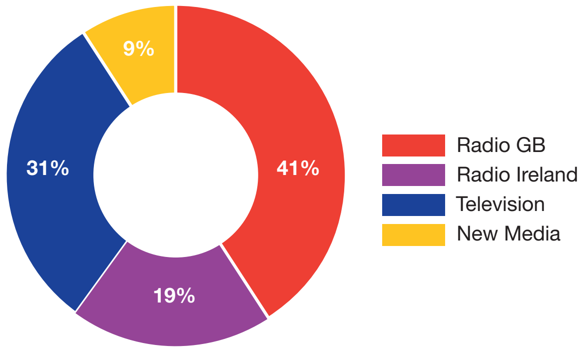
Adjusting for the full year impact of additions made in 2009 (Sport magazine, UTV Drive and Recruit NI) and 2010 (Brain Box and Property Pal) and foreign exchange losses, like for like turnover increased by 6%.

The tables and charts below detail the Group's revenue and operating profit by business segment, showing the year on year growth/(decline) and the percentage of the Group total.

Revenue analysis by business segment

	2010 £m	2009 £m	Growth/ (decline)	% Change
Radio GB	48.9	43.2	5.7	13.2
Radio Ireland	23.4	24.8	(1.4)	(5.6)
Television	36.7	32.6	4.1	12.6
New Media	11.2	11.5	(0.3)	(2.6)
	120.2	112.1	8.1	7.2

2010 Revenue analysis by business segment



Operating Profit

Operating profit from continuing operations before tax, finance costs and exceptional items and including associate income has increased by £1.9m to £25.9m (2009: £24.0m). The growth in operating profit is the result of an increase in Radio GB of £2.0m. Operating profit remained unchanged in Radio Ireland at £7.0m and in Television at £5.3m. New Media saw a decline of £0.1m to £1.9m (2009: £2.0m).

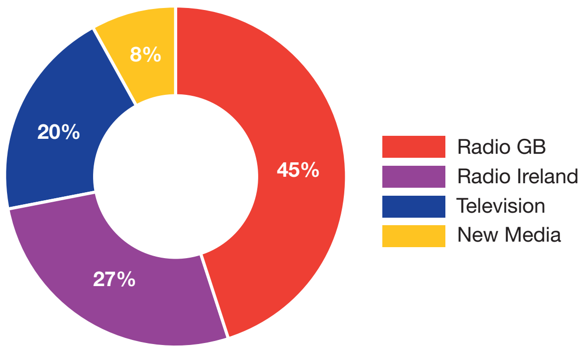
Operating profit analysis by business segment

	2010 £m	2009 £m	Growth/ (decline)	% Change
Radio GB*	11.7	9.7	2.0	20.6
Radio Ireland	7.0	7.0	–	–
Television	5.3	5.3	–	–
New Media	1.9	2.0	(0.1)	(5.0)
	25.9	24.0	1.9	7.9

* Radio GB includes associate income of £0.2m (2009: £0.3m)

Financial Review

2010 Operating Profit Analysis



Net Financing Cost

The net financing cost was reduced by 19% to £4.7m (2009: £5.8m). This saving was a combined result of strong debt management and lower swap rates.

Profit before Tax

Total Group profit before tax from continuing operations, excluding exceptional items, increased by 17% to £21.1m when compared to 2009 (£18.1m).

Exceptional Items

Despite improving listenership in the GB Local Radio business and the significant cost savings and efficiencies achieved over the past 18 months, a slow recovery of advertising revenues in the GB local advertising market has necessitated a downward revision of our growth potential in this sector. The resultant cash flows, coupled with the impact of higher discount rates (pre-tax discount rate of 12.8% in 2010 versus 11.4% in 2009) applied thereto, has resulted in an impairment charge of £35.0m and hence a reduction in the carrying value of Local Radio to £46.1m (2009: £81.1m).

The requirement under IAS 36 to treat The Wireless Group acquisition as two cash generating units, means that the robust performance of talkSPORT, which has resulted in its value far exceeding our original forecasts, cannot be considered in conjunction with that of Local Radio. Considered in totality, there would be no requirement for an impairment charge against the cost of investment in UTV Radio GB.

Taxation

The tax charge on operating activities from continuing operations before exceptional items for the year of £4.7m (2009: £3.7m) represents an effective tax rate of 22.1% (2009: 20.2%). This rate is a combination of profits from our UK operations at the UK corporation tax rate of 28.0% (2009: 28.0%) and profits in our Republic of Ireland operations at the ROI corporation tax rate of 12.5% (2009: 12.5%). The increase in this rate in 2010 reflects the growth in the Group's profits arising within the UK tax jurisdiction.

The exceptional tax credit of £10.2m (2009: charge of £1.5m) arose as a result of:

- £0.8m credit due to the impact on the deferred tax assets and liabilities of a change in the corporation tax rate in the UK from 28% to 27% (2009: £1.6m charge due to a change in the capital gains tax rate in the Republic of Ireland from 22% to 25%)
- £9.5m credit due to the release of the deferred tax liability following the impairment of the Local Radio licences in Radio GB
- a £0.1m tax credit on exceptional costs in 2009

Earnings Per Share

Basic and diluted EPS from continuing operations for 2010 are a loss of 9.17p (2009: a profit of 12.32p).
The adjusted EPS from continuing operations for 2010 are a profit of 16.78p (2009: 14.49p) and the diluted adjusted earnings per share from continuing operations for 2010 are a profit of 16.70p (2009: 14.49p). These EPS calculations are adjusted for the net exceptional loss of £24.8m (2009: £2.1m). The diluted earning per share calculation is based on 95.9m shares in 2010 (2009: 95.4m shares).

Dividend

A final dividend of 3.00p (2009: 2.00p) is proposed by the Board. If approved by the shareholders, this will result in a full year dividend of 4.00p, twice the 2009 full year dividend, bringing the total dividend payment for the year to £3.8m (2009: £1.9m).

Pensions

The IAS 19 deficit at 31 December 2010 on the UTV defined benefit pension schemes decreased by £4.2m to £6.8m (2009: £11.0m). The assumptions underpinning the schemes deficit calculations are set out in Note 30. The reduction in the deficit was primarily driven by the strong return on the equity investments plus the increased funding by the company.

The Group funded a discretionary amount of £1.2m towards the actuarial deficit in 2010 by means of a cash transfer and has agreed to make further payments of £1.2m in each year from 2011 to 2014.

Financial Review

Net Cash Flow

	2010 £m	2009 £m	Increase/ (decrease) £m
EBIT [1]	25.8	23.5	2.3
Depreciation and amortisation	1.6	1.8	(0.2)
EBITDA	27.4	25.3	2.1
Capital expenditure (net)	(1.0)	(2.6)	1.6
Working capital movement	(0.7)	4.9	(5.6)
Exceptional costs	(0.5)	(1.8)	1.3
Free cash flow	25.2	25.8	(0.6)
Net financing costs	(4.4)	(5.6)	1.2
Tax	(0.2)	(0.3)	0.1
Dividends paid to equity shareholders	(2.9)	(1.9)	(1.0)
Dividends paid to minority interests	(0.7)	(0.5)	(0.2)
Acquisitions	(0.1)	(0.4)	0.3
Pension	(1.2)	(1.0)	(0.2)
Other cash flows	0.3	(0.2)	0.5
Net cash flow	16.0	15.9	0.1

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

Free cash flow from operations declined by £0.6m to £25.2m (2009: £25.8m), with the increase in EBITDA of £2.1m plus reduction in capital expenditure of £1.6m and exceptional costs of £1.3m helping to offset the increase in the working capital movement of £5.6m.

The reduction in free cash flow compared to 2009 was offset by a saving in the net financing costs of £1.2m which in turn afforded the opportunity to pay higher dividends, an increase of £1.0m, while retaining an overall comparable net cashflow.

Balance Sheet

- Net Assets declined by £11.9m to £118.2m (2009:£130.1m). Movements in the year include:
- an impairment charge on the Local Radio licences of £35.0m
- an exchange loss of £2.9m on euro denominated assets
- a reduction of £17.0m in net debt due to the net cash flow of £16.0m plus an foreign exchange gain of £1.0m
- a saving in the deferred tax liability of £11.2m, with £9.4m relating to the deferred tax relief on the 2010 impairment charge
- a decrease in the pension deficit of £4.2m, as discussed above

Capital Structure and Financial Risk Management

At 31 December 2010 the Group had:

- net debt of £71.5m (2009: £88.5m)
- a net debt: EBITDA ratio of 2.57:1 (2009: 3.44:1) and
- an EBITDA: interest cover of 6.19:1 (2009: 4.63:1)

The ratios above are calculated based on banking covenant requirements as defined in the facilities documentation. This required that for the period ending 31 December 2010 the net debt to EBITDA ratio should not exceed 3.75:1 (2009: 3.75:1) and the ratio of EBITDA to net interest expense should not be less than 3.25:1 (2009: 3.25:1).

During the year the Group made £4.9m of voluntary debt repayments in addition to its mandatory payments of £8.3m.

In a move to further reduce the cost of borrowing the Group reduced its revolving credit facilities by £5.0m and €5.0m during the year. These amendments, which were effective from 31 March 2010, 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 facilities. The agreed margins payable are:

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%

Financial Review

The current banking covenants require that during 2011 the net debt to EBITDA ratio for the 12 month periods ended March, June, September and December should not exceed 3.50:1. The ratio of EBITDA to net interest expenses should not be less than 3.25:1 for any of these periods.

The Group's debt funding facilities comprise of senior syndicated bank facilities led by Bank of Ireland as follows:

- £77.5m facility with UTV Limited comprising a £42.5m term loan (reduced from £47.5m as at 31 December 2009 by mandatory repayments) plus a £35.0m revolving credit facility
- €35.0m facility with UTV Radio (ROI) Limited comprising a €30.0m term loan (reduced from €34.0m as at 31 December 2009 by mandatory repayments) together with a €5m revolving credit facility.

The bank facilities are secured by way of a floating charge over the Group's assets together with a payment and performance guarantee.

Facilities totalling £83.2m have been utilised, leaving unutilised facilities of £24.3m plus cash reserves of £11.2m.

During the year the Board authorised two new fixed interest swaps to be placed for the period from 1 July 2010 to 30 June 2013, with the following terms:

- 60% of the utilised sterling borrowings is fixed at 2.37% plus applicable margin
- 40% of the utilised euro borrowings is fixed at 1.74% plus applicable margin

Overall, at 31 December 2010, 55% of the total utilised borrowing facilities are fixed at a blended rate of 2.23% plus an applicable margin.

Full details of the maturity profile of the Group's liabilities are set out in Note 23: Financial Liabilities. The Group's liquidity policy ensures continuity of funding in the short and medium term by the use of cash deposits, undrawn bank 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 7% and its operating profit by 8%
- continued emphasis placed on cash generation/debt reduction has resulted in a year on year decrease in net debt of £17.0m to £71.5m, bringing the total reduction over the two years to 34%
- renegotiation of the key net debt to EBITDA banking covenant

As a consequence, the directors believe that the Group is well placed to manage its business risks successfully during the incoming period of economic recovery.

The directors have reviewed the 2011 budgets and subsequent forecasts in light of current economic conditions and are satisfied that the secured debt financing to 2013, the ongoing commitment from the banks and the continued profitability of the Group assure a reasonable expectation 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
31 March 2011

Radio GB

2010 was a record-breaking year for talkSPORT as it posted its largest ever audience. There were a number of stand-out performances in the group's local radio division, whilst Sport magazine flourished under UTV's ownership.

Andy Gray and Richard Keys

talkSPORT

Increased programming investment paid off handsomely as talkSPORT ended 2010 with a bigger audience than at any point in its history. Weekly reach soared to a record 3.1 million, up 24% year on year, whilst talkSPORT's listening hours increased to 24.5m, up 20% year on year.

This vote of confidence from listeners was matched by industry plaudits when in May talkSPORT scooped its first ever Gold Award at the Sony Radio Academy Awards for Best Single Promotion/Commercial. Three further accolades followed at the Media Week Awards, including two Silvers - for Sales Pitch over £1m and under £250k - and a Bronze for Media Brand of the Year.

The Biggest Games

In 2010 talkSPORT broadcast more live football commentaries than ever before – including some of the biggest games in the Premier League, World Cup and Champions League.

talkSPORT showed the England team the way with a hugely successful World Cup, commentating live on all 64 matches and staging its biggest ever outside broadcast. Match coverage was expertly anchored in South Africa by presenter Mark Saggers, alongside a winning team which included talkSPORT's Stan Collymore and Spurs Manager Harry Redknapp.

In February 2010 talkSPORT made headlines by capturing two key Premier League commentary rights packages – Saturday evenings and Sunday lunchtimes. From 2010 to 2013, national radio commentary on some of the Premier League's biggest games can only be found on talkSPORT. In the closing months of 2010, talkSPORT's exclusive commentaries included both the Merseyside and Manchester derbies, attracting not only new listeners but also new advertisers and sponsors to the station.

In October 2010 talkSPORT announced an extended commitment to rugby by winning the exclusive radio commentary rights for the 2011 Rugby World Cup – the first time a major international sports event will be exclusively covered by a commercial radio station.

The Biggest Names

A significant factor in talkSPORT's long-term audience growth is our success in attracting and retaining some of the UK's most popular sports broadcasters.

The Alan Brazil Sports Breakfast ended the year with 1.5m weekly listeners, with highlights including a week of programmes from Australia, the scene of England's Ashes triumph. Elsewhere, England and Yorkshire cricket legend Darren Gough notched up 1.2m listeners for his Drivetime show with Adrian Durham.

talkSPORT's established line-up was bolstered in 2010 with a number of eye-catching signings. Russell Brand made a regular return to radio presenting with an exclusive new series to coincide with his new tour, whilst former Ferrari driver Eddie Irvine joined as the weekly guest on a new Formula One show.

To support talkSPORT's expanded Premier League coverage, we added QPR manager Neil Warnock as a regular pundit on Sunday Exclusive, whilst Sam Matterface was signed from Sky Sports as lead commentator. Other new contributors included Ray Parlour and Matt Holland, who bring recent experience of playing alongside some of the biggest names in the Premier League.

Early in 2011 talkSPORT announced its biggest signing yet, by unveiling Andy Gray and Richard Keys as the new hosts of its mid-morning programme.

Sport Magazine

2010 has seen Sport Magazine go from strength to strength with a massive 306,000 circulation, making it the UK's second largest men's magazine.

Sport Magazine was at the heart of every major sporting event in 2010, running some of its biggest-ever issues, including a special 96-page edition to mark the start of the World Cup. Sport Magazine also cemented its reputation for interviewing the biggest names in world sport by securing the likes of Roger Federer, Cristiano Ronaldo, Usain Bolt, Lewis Hamilton and Jenson Button as cover stars.

The addition of Sport Magazine to UTV's sports media portfolio has also allowed us to bolster our in-house sports journalism resource. Sport Magazine's editorial team is now integrated with that of talkSPORT's newly re-launched website www.talksport.co.uk, creating a single non-broadcast editorial department. This move has generated strong editorial synergies, with content shared across print, online and radio.

The Group's expanding sports media interests are managed under the umbrella of UTV Pitch, which provides a compelling one-stop shop for advertisers looking to reach sports fans across radio, print and digital platforms.

Sport Magazine

Proud to be Local

UTV's commitment to a strong local focus for local radio stations was rewarded with audience growth in 2010. Weekly reach across the group's 13 local radio stations in England and Wales ended the year at 1.2 million, up 10% year on year, with total weekly listening hours at 11.2 million, up 17%.

UTV's local stations continued to promote themselves as 'Proud to Be Local' with investment into bringing local sport back to the airwaves. Wish FM and Tower FM now provide live Premier League commentary of Wigan and Bolton respectively. Rugby League is back with Wish FM broadcasting live Wigan Warriors and St Helens Saints matches and Wire FM broadcasting live Warrington Wolves matches.

Juice FM at Aintree 2010

Liverpool's Juice FM had a phenomenal year with a boost in transmission power helping to fuel a 151% increase in weekly listening hours to 1.5 million. Off air activity at high profile events such as the Aintree Grand National, Matthew Street Festival and Gay Pride all added to increased local profile and credibility for the station.

In February, an exclusive performance by the Sugababes marked the launch of 'Live in Studio 10', which is broadcast across the UTV local radio network. During the year, an array of A List artists performed for select groups of listeners and clients as well as the listening audience at home. They included Craig David, Olly Murs, Scouting for Girls, Jessie J, Sandi Thom, Lee Ryan and many more.

96.4 The Wave / Swansea Sound BANG campaign

Easter saw Signal 1 Breakfast presenter Perry Spiller "live in a box" for 7 days in aid of 'Help a Signal Child'. Perry was led in handcuffs to a specially constructed conservatory at a local supermarket and the doors were locked. Perry was finally let out 7 days later after raising £16,000 for needy children. And later in the year, Swansea Sound and 96.4 The Wave's 'Be a Nice Guy' (BANG) campaign with South Wales Police brought the message about responsible use of fireworks directly to listeners, as well as into school playgrounds.

Radio Ireland

2010 was typified by another strong listenership performance by UTV's independent local radio stations based in Belfast, Cork, Dublin, Limerick and Drogheda. UTV Radio Solutions continued to grow with the launch of an innovative premium national advertising product and UTV Radio News successfully completed its first year in operation as a national news service.

Jim Jim & Mark Noble launch the all new Strawberry Alarm Clock on FM104

Programming Achievements

Our tailored mix of music, news and speech based programming continued to prove a winner in the key local markets in which we broadcast.

All stations performed strongly during the year and Cork's 96FM/C103, Limerick's Live95FM and LMFM maintained their market leading positions with market shares of 41.6%, 34.6% and 29.1% respectively. FM104 recorded an 'all adult' market share of 11.2% but this increased to a market leading 21.5% amongst its target 15 to 35 age group Dublin audience.

Q102 continued its recent rapid growth and has now reached an 11.1% share in the Dublin market. Of particular note, is the strong performance by the station in the key 35-44 market where it is now the number one commercial operator in Dublin on a market share basis. This performance is extremely complementary to that of FM104 which continues to be the number one commercial station in the under 35 market.

U105, which broadcasts to the greater Belfast area, celebrated its 5th birthday in November and reached an impressive weekly audience of 140,000 in early 2011, offering advertisers an attractive 35-54 decision making audience with high disposal income.

Autumn saw the return of Jim Jim Nugent as co-presenter of FM104's revamped Strawberry Alarm Clock breakfast show. Jim Jim had been with the station for over a decade during which time the FM104 breakfast show was the most listened to on local commercial radio. With FM104's former afternoon host Mark Noble, the new revamped Strawberry Alarm Clock has enjoyed an extremely positive reaction from listeners.

In U105, George Jones, who presented the evening drivetime show for the past three years moved to the weekend schedule for lifestyle reasons and local radio celebrity Johnny Hero took over the popular drivetime slot.

The local current affairs shows on all our stations performed particularly strongly during the year, with the cornerstone of this success being the access to the airwaves provided to listeners to air their views and concerns on local issues.

UTV Radio Solutions

UTV Radio Solutions represents all UTV's stations in Ireland along with Galway Bay FM and Beat 102-103 offering advertisers listenership levels often ahead of national competitors. The combined listenership of the UTV Radio Solutions' stations is now an impressive 834,000.

UTV Radio Solutions continued to highlight the effectiveness of radio as a medium with a research project for a new online clothes retailer Doo-Lally.com. A four week Urban Access campaign for the retailer, targeted at females aged 20 to 44, was broadcast and this was followed up with campaign analysis of online data. This highlighted a significant increase in traffic to the Doo-Lally.com website during the course of the radio campaign, with a total of more than 13,000 potential new customers logging onto the site during this period. As no other marketing activity was undertaken by the client at this time, the performance can be directly attributed to the effectiveness of UTV's Urban Access campaign.

Cork's Street Fleet at the 96FM and C103 GAA Sports Stars Awards

UTV Radio Solutions also introduced a new national sales package - Solus Access during the year on the back of the success of Urban Access. Solus Access is a premium product similar to Urban but with the spots being run as stand alone commercials outside of normal commercial breaks.

In the Community

UTV's radio stations continued their active involvement in charitable activities in 2010 with significant funds being raised and major publicity being generated for the various charities.

Cork's 96FM ran its Cork 4 Kids initiative with funds going to the two children's hospitals in Cork City. After just three years in operation, this initiative has raised an incredible €1m for this very worthy cause. The station also raised in excess of €100,000 in cash and food donations for its annual Lions Club Christmas Food Appeal.

Live 95FM launched its Cash for Limerick Kidz promotion and raised in excess of €30,000. FM104 continued its Help a Dublin Child charity initiative and through a number of fundraisers including a sell out gig at the Olympia, raised in excess of €90,000.

Q102's charity partner for 2010 was homeless charity Focus Ireland and the highlights of the year were both the annual on-air charity auction and the corporate volunteer day where Q102 staff painted Focus' offices in Dublin's Temple Bar.

LMFM maintained its close links with a number of charities and was heavily involved in both the Gary Kelly Cancer Support Centre Women's Mini Marathon and the Kells Pink Ribbon Walk. Combined these events raised in excess of €100,000. The focus of U105's charity involvement was the Be a Super Hero for the NI Hospice, the centrepiece of which was presenter Maurice Jay living in the window of Castlecourt for 105.8 hours. The event which highlighted local music, sport and movie heroes raised more than £60,000 for the NI Hospice.

Our stations are proud to be part of the community and are immersed in all aspects of community life. Cork's 96FM/C103 annual GAA Sports Star of the Year Awards continued while Limerick's Live 95FM sponsored its local GAA Hurling and Football Championships and were also heavily involved in both the Special Olympics and the JP McManus Pro-Am which took place in the Limerick area during the year.

U105's charity initiative, Be A Super Hero for the NI Hospice, won a National Hospice Fundraising Award for Innovation. At the annual PPI Radio Awards LMFM won a Gold Award for best short feature for the Adventures of Lug McPlug, an historically themed drama series for children and in drama for The Terror of Leap Castle.

In May 2010 the Broadcasting Authority of Ireland (BAI) signed a new 10 year broadcasting contract with Q102 for the provision of a music based commercial service aimed at the 35-55 age group in Dublin City and County.

All of UTV's Irish Chief Executives continue to play active roles in industry bodies and Scott Williams, Q102's Chief Executive was elected Chairperson of The Independent Broadcasters of Ireland (IBI) during 2010.

LMFM's Sarah Gilbert and Maria Harmon accept the PPI award for 'The Terror of Leap Castle'


U105 Superhero Hospice Challenge


Live 95FM team with Jedward

Television

In 2010, UTV remained the most watched television channel by far in Northern Ireland, with news and current affairs at the heart of its output, supported by diverse and popular regional programmes and the best of the ITV network.

Lesser Spotted Ulster

UTV continued to be at the forefront of the media industry in Ireland by launching the first High Definition TV service on the island. Her Majesty the Queen visited UTV's headquarters in Belfast in October to officially launch the service bringing the next generation of TV to a wide audience.

Despite operating in the most competitive TV market in the UK, more than three quarters of a million people continue to watch UTV every day. In terms of channel performance, UTV attracted a 28.1% share in peaktime, compared to BBC1's 17.9%, Channel 4's 6.5% and the ITV Network average of 22.7%.

News

UTV Live continued to provide the most watched local news programme in Northern Ireland in 2010, delivering an impartial, accurate and comprehensive news service. UTV Live at 6 achieved an average rating of 34.8% across the year, well ahead of BBC NI's Newsline and almost double the ITV regional news average at 6pm which was 17.8%.

The Saville Report was a major news item for 2010, with the inquiry into Bloody Sunday concluding in June. Mark McFadden's Bloody Justice documentary was broadcast to critical acclaim on the day before the report was published. On the day itself UTV had extensive live broadcasts from Londonderry and London. A dedicated microsite on our website featured content from UTV's archives and given the significance of the Saville Report continues to be live on u.tv as a piece of living history.

In the business world, Jamie Delargy's investigation into the procurement practices at Northern Ireland Water received critical acclaim.

In February 2011 a plane travelling from Belfast crashed at Cork Airport killing six people. UTV Live ran three special programmes on the day of the crash, featuring live broadcasts from Cork Airport and expert analysis from the aviation industry. UTV utilised multiple platforms to report the breaking news and shared the latest developments across the Group: Cork's 96FM provided initial reports from the scene, UTV reporters regularly updated social media from Belfast City Airport, Stormont and Cork and u.tv provided a platform for public interaction.

Ken Reid won ITV News' Gold Award for Political Correspondent of the Year and captured a number of exclusives in 2010, enhancing his reputation as the foremost political commentator in Northern Ireland. Ken secured in-depth interviews with Ian Paisley following his retirement from front line politics, former Prime Minister Tony Blair at the launch of his memoirs and with Martin McGuinness after the allegations broke regarding his involvement with the Claudy bombings.

Frank Mitchell and Her Majesty the Queen

UTV's work was celebrated with a number of prestigious awards. The Ryan Report Special on UTV Live Tonight won CIPR News Programme of the Year and was runner up in the Current Affairs category at the RTS Awards. Achievements for coverage in 2010 included an ITV News Bronze Award for Paul Clarke for Editor of the Year and a Bronze Award for Gerry Feeney for Technical Contribution for the Bloody Sunday UTV News Special. UTV Live Tonight's coverage of the Saville Report was also shortlisted for a Royal Television Society award in the Nations and Regions News Programme of the Year category.

Current Affairs

UTV Live Tonight's reputation as an outstanding platform for current affairs grew from strength to strength in 2010. In addition to the in-depth look at the day's news events, UTV Live Tonight produced a number of one-off specials following the Billy Wright Enquiry, the Future of the PUP and an hour-long special following the Comprehensive Spending Review in Westminster.

In January UTV Live's coverage of the scandal surrounding the First Minister's wife Iris Robinson drew an audience of 332,000 at 6pm, the largest news audience for seven years. In December, UTV's Insight Special, The Resurrection of Brendan Smyth looked again at the Catholic Church's role in the child abuse scandal. The programme team, led by journalist Chris Moore, examined new evidence and visited America to interview victims of abuse.

Sport

UTV continued to provide rounded coverage of all major sporting events relating to Northern Ireland. The sporting story of 2010 was the European success at the Ryder Cup, with local golfers figuring prominently for Europe. UTV broadcast live from Celtic Manor throughout the tournament which saw Graeme McDowell holding his nerve to secure the trophy for Europe.

County Down featured in the All Ireland GAA Football final in September and Northern Irish boxers surpassed pre-tournament hopes at the Commonwealth Games.

UTV – Part of the Cultural Landscape

UTV is committed to delivering diversity both within our workforce and onscreen. Across all our programming we continued to represent and reflect the communities we serve and their experiences and viewpoints.

The Seven Thirty Show weekly magazine programme provides an outlet for lifestyle features on UTV covering arts, community, family issues and entertainment.

UTV introduced Glorious Gardens, a new six part series in 2010 which worked with local communities to transform six neglected outdoor spaces with the help of local gardeners to benefit the whole area.

The Fabulous Food Adventure returned with a new four part series featuring Jenny Bristow and Barry McGuigan cooking and sampling food from around Northern Ireland while hearing stories from the people involved in the industry.

George Best – Football Boots to Dancing Shoes was a four part series which told of the drama and excitement behind the scenes of Dancing Shoes, The George Best Musical and how it came to fruition.

The 12th series of Lesser Spotted Ulster returned in October in a new Sunday evening slot and cemented its place as one of the most enduring popular television programmes ever shown on UTV.

UTV continued to support a number of off air events in 2010 including the Belfast Mela the largest multi-cultural event in Northern Ireland, which attracted more than 20,000 people on site for music, dance, art and food from around the world.

The Cinemagic Festival, the international film and television event aimed at young people returned for its 20th year with UTV supporting the project and providing a number of master classes to provide an insight into the industry including UTV's Marc Mallet hosting a Q&A session with Liam Nesson.

UTV Everywhere

Interactivity with our audience has always been at the heart of UTV and we strive to be as accessible as possible to our audience. The UTV Player was re-launched in autumn 2010 with a new design and easy to use interface. This saw users of the catch up service double in the last quarter of the year and in November the UTV Player was launched on PlayStation3. The archive section of the UTV Player was further developed to offer a selection of the greatest UTV moments from the past 51 years available to watch anytime.

UTV Everywhere is a new initiative launched in 2010 aimed at getting UTV's high quality news, sport and entertainment content, as seen on the UTV Player, onto as many websites and platforms as possible. Early 2011 also saw UTV going mobile, with the launch of 'mobile apps' on iPhone and Android handsets.

UTV continued to build a social media platform in Twitter 'followers' and facebook 'friends' in 2010. Many individual journalists, presenters and commercial staff provide a behind the scenes insight into news gathering and the media industry which enhances our official news services.

UTV continues to be the most popular television channel in Northern Ireland, by investing in high quality content that reflects a modern Northern Ireland, we look forward to continuing and enhancing our relationship with our audiences on TV, online and on the move.

UTV Everywhere

New Media

With close to 30 million page views every month the web traffic across the Group has more than doubled during the last 12 months. On any typical month more than 2.5 million visitors view content on a UTV website across the UK and Ireland.

NI Direct Launch: Jeremy Biggerstaff, UTV New Media with First Minister Peter Robinson, John McCann, UTV Group Chief Executive, deputy First Minister Martin McGuinness and Michael Wilson, UTV.

Television and New Media developed an innovative online project with the Government information services website NI Direct, which was launched by First Minister, Rt Hon Peter D Robinson MLA and deputy First Minister Martin McGuinness MP MLA at UTV. NIdirect.tv is a new online player which features a series of short instructional videos produced by UTV, containing information on a range of subjects for consumers, illustrating the powerful impact video can have online.

UTV Internet

www.utvinternet.com continued to invest in its service provision network in Northern Ireland delivering broadband speeds of up to 40Mb. As an active partner and participant in the £2.5 billion roll out of Fibre Optic Broadband by BT, coverage is exceeding the rest of the UK and will continue to do so during 2011. In Ireland UTV Internet can also deliver Next Generation Broadband to its customers with speeds of up to 24Mb becoming more available. All broadband services are bundled with our competitive business and residential telephony package.

Tibus

www.tibus.com was centrally involved with one of the biggest news stories across the world in 2010, having provided all the web and content delivery technology behind the June 15 publication and simultaneous web launch of the Saville Report on The Bloody Sunday Inquiry, a project with phenomenal world-wide interest.

The company enjoyed continued success in securing major public and private sector contracts throughout the year; Bank of Ireland commissioned Tibus to consolidate and host all its websites on one technology platform, and Failte Ireland commissioned the redevelopment of its flagship website discoverireland.ie.

Tibus continues to support the wider UTV Group, primarily through www.u.tv and the launch of the UTV Player, the launch of new websites for UTV Radio Ireland and a major infrastructure investment behind the highly successful www.talkSPORT.co.uk.

2010 was another successful year in terms of awards recognising Tibus' work, with clients the Irish Football Association and Siliconrepublic.com both winning prestigious national awards for their web activity. A programme of ongoing investment in core infrastructure has seen Tibus looking to the future in areas such as cloud computing, virtualisation and content delivery networks allowing it to meet the demands of modern business in the delivery and consumption of content over the Internet.

Online Content Portals

New Media has now established a strong digital presence across three core content portals for property, cars and jobs in Northern Ireland.

PropertyPal

In September 2010 UTV acquired 50% of PropertyPal.com. This technology led company had already established itself as one of the leading online property portals in Northern Ireland. Since UTV's investment in the company the web traffic has increased by more than 200%.

UTV Drive

www.utvdrive.co.uk was established in September 2009 by UTV and is now a major player in the online used cars market in Northern Ireland. Web traffic has grown on average by 30% in 2010 and a new online magazine was introduced which provides up to date information on the latest local car news, reviews and industry issues. During the year UTV Drive successfully sponsored the Circuit of Ireland Rally and will remain a main sponsor for the 2011 event.

Recruit NI

www.recruitni.com enjoyed growth in 2010 with the successful launch of a new public sector micro site dedicated to Government jobs in Northern Ireland. In January 2011 the site experienced its biggest ever month generating a 50% increase in traffic compared to January 2010.

Board Of Directors

Non-Executive Directors

Chairman: J B McGuckian BSc (Econ)
Mr McGuckian is an industrialist with a wide range of industrial and commercial experience. He is a director of Cooneen Textiles Limited and Irish Continental Group plc.
His other directorships cover enterprises in Ireland, the UK and the USA. He has previously acted as the Chairman of the International Fund for Ireland, the Chairman of the Industrial Development Board for Northern Ireland and as Senior Pro-Chancellor and Chairman of the Senate of the Queen's University of Belfast. Mr McGuckian was appointed to the Board on 3 July 1970. Aged 71.

R E Bailie OBE
Mr Bailie is Chairman of W & G Baird (Holdings) Limited. He is also a graduate of the Harvard School of Business. Among his business interests are a number of other directorships. Recently he has been appointed Chairman of The National Trust in Northern Ireland and Chairman of Northern Ireland Opera Previously he was a member of the Court of the Bank of England and the Chairman of the Northern Ireland Tourist Board. Mr Bailie was appointed to the Board on 18 September 1996. Aged 67.

H Kirkpatrick
Miss Kirkpatrick is a Fellow of the Institute of Chartered Accountants in Ireland and a member of the Chartered Institute of Marketing. She currently works in the Corporate Finance division of Invest Northern Ireland and is a non-executive director of Kingspan Group plc and chair of its Audit Committee. She is also the Chairperson of Crumlin Together Limited. Previously Miss Kirkpatrick was a board member of the International Fund for Ireland, a director of the Enterprise Equity Venture Capital Group, and a non-executive director of NI-CO (Northern Ireland Public Sector Enterprises Ltd). Miss Kirkpatrick was appointed as a non-executive director on 29 August 2007. Aged 52.

K Lagan
Mr Lagan is the Chairman and Chief Executive of Lagan Group of Companies. He was a member of the Board of the University of Ulster Foundation and his previous directorships also include Belfast International Airport and Belfast Harbour Commissioners. Mr Lagan was appointed to the Board on 17 April 2003. Aged 60.

S Reihill
Mr Reihill is the Executive Chairman of TVC Holdings plc, a leading publicly quoted investment holding company. He is also the Chairman of Norkom Group plc and The Agency (Holdings) Limited. He began his career with Dillon Read Investment Bank in New York and was formerly Joint Chief Executive Officer of Tedcastle Holdings Limited. Mr Reihill holds an MBA from Columbia Business School. He was appointed as a non-executive director on 10 September 2008. Aged 45.

Executive Directors

Group Chief Executive: J McCann BSc (Econ) FCA
Mr McCann joined UTV in 1983 as Financial Controller/Company Secretary. He became General Manager in 1989, was appointed to the Board in 1992 and became Managing Director (now Group Chief Executive) from 1 October 1999. Aged 57.

Group Commercial Director: J R Downey FCCA
Mr Downey joined UTV in 1998 as Financial Controller having previously held a number of senior posts with Viridian Group plc. On 17 September 1999 he was appointed as Company Secretary of UTV and on 24 November 2000 was appointed to the Board as Finance Director, and subsequently became Group Finance Director. On 18 December 2006, he was appointed as Group Commercial Director. Aged 64.

Managing Director UTV Radio (GB): S Taunton
Mr Taunton joined UTV on 2 March 2000 when the Company acquired UTV Internet Limited and became Business Development Director. He was appointed as Managing Director of UTV Radio (GB) Limited on 4 July 2005 and was appointed to the Board on 25 November 2005. Aged 40.

Group Finance Director: N McKeown BSc. (Econ) FCA
Mr McKeown joined UTV on 17 November 2008 as Group Finance Director (Designate). He held a number of senior finance positions with Bass plc in Northern Ireland, Scotland and England; worked for Scottish & Newcastle plc in Edinburgh and was Group Finance Director with Lamont Holdings plc in Belfast. In 2000 Mr McKeown joined Sepha Ltd as Finance Director. After leading a management buy-out in 2005 he became Managing Director. He was appointed to the Board of UTV Media plc as Group Finance Director and Company Secretary on 11 March 2009. Aged 53.

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

Corporate Governance

Statement by the Directors on Compliance with the Combined Code

The Board considers that the Company has complied with the provisions set out in Section 1 of the Combined Code on Corporate Governance (2008) issued by the Financial Reporting Council in the UK, throughout the year ended 31 December 2010.

This report describes how the Group has applied the main principles.

The Board

Composition: The Board currently comprises five non-executive Directors including the Chairman and four executive Directors including the Chief Executive.

Board Structure Balance

The Combined Code principles recommend that for smaller companies, which is a company that is 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. The Group was deemed to be a smaller company and there have been four non-executive Directors serving on the Board, (excluding the Chairman) throughout the year of which two are considered to be independent under the Combined Code.

Independence: The Board's view is that independence is determined by the non-executive's character, objectivity and integrity and all non-executive Directors are regarded by the Board as being fully independent in these respects. It is acknowledged that the principles in the Combined Code point to a number of factors that might appear to affect the independence of non-executive Directors, but the principles also make it clear that a non-executive Director may still be considered independent notwithstanding the presence of one or more of the factors.

The non-executive Director, R E Bailie, has served on the Board for more than nine years and consequently may not be considered as independent per the precise terms of the Combined Code. Additionally, the non-executive Director, S Reihill, may not be considered as independent due to being a Director of TVC Holdings which is a material shareholder of UTV Media plc. All other non-executive Directors are considered independent as per the Combined Code criteria.

Senior Independent Director

The Senior Independent Director is available to shareholders for concerns which cannot be resolved by contact with the Chairman or the Chief Executive. Throughout 2010, K Lagan, an independent non-executive Director, has been designated as the Senior Independent Director and no concerns have been raised with him.

Board Experience

The Group considers that it especially benefits from the service provided by the Chairman, J B McGuckian, who has been involved with the Group over the last 40 years, formerly as a non-executive Director and latterly as the Chairman. Biographies of all the Directors appear within the section on the 'Board of Directors' and these demonstrate a range of experience and skills to bring independent judgement on issues of strategy, performance, resources and standards of conduct, which are vital to the success of the Group. The non-executive Directors commit to providing sufficient time to the business of the Group. The biographies also contain details of any other directorships held by the Board Directors.

The Company Secretary ensures that the non-executive Directors receive appropriate induction and training as necessary. On joining the Board, 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 Operating Segments. Continuing development and update is facilitated throughout the year, tailored to individual needs, including briefing sessions from various professional and regulatory bodies and continued visits to the various Operating Segments.

Election and Re-election

Under the Company's Articles of Association the executive Directors do not retire by rotation. The Group adopts a policy, in line with the requirements of the Combined Code, whereby the executive Directors submit to re-election on a three-year basis. Non-executive Directors are appointed for a three-year term after which they 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 made available at the Annual General Meeting of the Company and by request through the Company Secretary.

Company Secretary

All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for advising the Directors on governance matters, ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. The role of the Company Secretary is undertaken by the Group Finance Director. The roles are clearly distinguishable and kept separate.

Insurance and Indemnities

The Directors and officers of the Group have the benefit of a directors and officers liability insurance policy. The Group has entered into deeds of indemnity with its Directors.

Board and the Committees of the Board

In 2010 the number of meetings of the Board and its Committees, and the attendance by the members are outlined in the following table:

	The Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings	**10**	**4**	**3**	**0**
J B McGuckian	10	-	-	0
R E Bailie	9	-	-	-
K Lagan	9	4	3	0
H Kirkpatrick	10	4	3	0
S Reihill	10	-	-	-
J McCann	10	-	-	-
J R Downey	9	-	-	-
S Taunton	10	-	-	-
N McKeown	10	-	-	-

How the Board Operates

Board Meetings and Attendance

The Board plans to meet at least ten times a year, with additional meetings taking place as required. The Board met ten times in 2010 and the attendance at the meetings is set out in the table above.

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 schedule has been reviewed and updated during the year to reflect the new features of the UK Corporate Governance Code (June 2010) which will apply to the Group from January 2011. 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 substantial and wide-ranging experience to ensure that the strategies proposed by the executive Directors are fully considered and that the performance of management is appropriately scrutinised. They also need to satisfy themselves 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.

To enable the Board to discharge its duties, all Directors receive appropriate and timely information including, inter alia, the Chief Executive's report, monthly management accounts, budget reports and regular management 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. Where considered appropriate, the management team who are responsible for operational decisions and the effective functioning of the principal activities within the Group, will present to the Board.

A statement of the Directors' responsibilities in respect of the financial statements is set out within the section on the 'Report of the Directors.'

A statement on going concern is set out within the section on the 'Financial Review.'

Board Committees

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. The terms of reference for the Committees 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.

Board Delegation

The Board has delegated responsibility for the management of the Group, through the Chief Executive, to executive management. 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 roles have been reviewed and were updated during the year to reflect the new features of the UK Corporate Governance Code (June 2010) which will apply to the Group from January 2011. The Chief Executive is accountable to the Board for the authority delegated to executive management.

Corporate Governance

Management Committee

The Chief Executive heads the 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.

Board Effectiveness Evaluation

The Chairman reviewed the operations of the Board covering, inter alia, the role, organisation and constitution of the Board, meeting arrangements, time commitments, information provision and Committee effectiveness. The Chairman met with the Directors to discuss their views and individual performance. The Senior Independent Director led a meeting of the non-executive Directors to appraise the performance of the Chairman. The results of these evaluations were reported to the Board and it was positively concluded that the Board, Committees and all individual Directors were operating effectively, to a high standard and it was agreed that there were no major areas for improvement highlighted. The Board was satisfied that the non-executive Directors committed sufficient time during the year to the fulfilment of their duties as Directors of the Group.

Conflicts of Interest

The Articles of Association allow the Board to authorise any actual and potential conflict of interest and duties that may arise and to impose such limits and conditions as it thinks fit. Conflicts of interest and duties 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 and duties are 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.

The Board reassessed a potential conflict of interest in relation to the non-executive Director, S Reihill, regarding his position as a Director of TVC Holdings and concluded that this could be appropriately managed using the established procedures and safeguards.

The Board has undertaken an annual review of these procedures and has concluded that the process and procedures that were established have operated effectively throughout the year. None of the Directors has any potential conflict of interest which has not been disclosed to the Board in accordance with the Company's Articles of Association.

Report of the Nomination Committee

Composition

The Nomination Committee is chaired by J B McGuckian, the Chairman of the Group and its other members are K Lagan and H Kirkpatrick, both of whom are independent non-executive Directors.

Nomination Committee Meetings and Attendance

The Nomination Committee did not meet in 2010

Responsibilities

All Directors of the Board are subject to re-election at least every three years. 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, 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.

Activities in 2010

The current Board membership has been established for the last two years and represents a stable and very experienced Board where the members fulfil their respective roles within a structured framework. Consequently, there was no identified requirement for the Nomination Committee to meet in 2010.

Remuneration Committee

Composition

The Remuneration Committee is chaired by the independent non-executive Director, K Lagan and its other member is H Kirkpatrick, both of whom are independent non-executive Directors.

Remuneration Committee Meetings and Attendance

The Remuneration Committee met three times in 2010. The attendance at the Remuneration Committee meetings is set out in the table above.

Responsibilities

The 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.

Activities in 2010

Further details of the Group's policies on remuneration, service contracts and compensation payments are given in the section on the 'Report of the Board on Directors' Remuneration'. The Committee's activities included reviewing and approving the remuneration and other benefits for each of the executive Directors including the grant of the awards under the Company's long term incentive plan and the performance related bonuses. It also considered the remuneration of senior management within the Group.

Report of the Audit Committee

Composition

The Audit Committee is chaired by the independent non-executive Director, H Kirkpatrick and the other member, K Lagan is also an independent non-Executive Director. The Board has satisfied itself that all members of the Audit Committee have recent and relevant financial experience. The Committee normally meets not less than four times annually. 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.

Audit Committee Meetings and Attendance

The Audit Committee met four times in 2010. The attendance at the Audit Committee meetings is set out in the table above.

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 force 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 nature, scope, results of the audit and the 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 to the Group by them to ensure that this does not impair their independence and objectivity. It asks the auditors to confirm to the Committee that in relation to the services provided to the Group, that they comply with relevant UK professional and regulatory standards so that their objectivity is not compromised.

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

Activities in 2010

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 of the annual external audit planning memorandum for audit work. Reviewing the External Auditor's reports on their work and addressing any significant findings raised in the Management Letter. Reviewing the effectiveness, performance and fees of the External Auditors.
- Satisfying itself as to the External Auditors continuing independence and rotation of audit partners. Ensuring that the policy determining the non-audit services that can be supplied by the External Auditors was complied with. Recommending a resolution for the AGM for the reappointment of the Ernst & Young LLP as External Auditors.
- Reviewing and approving the Internal Audit function's strategic plan, 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.

Corporate Governance

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. The policy is available on the corporate website www.utvmedia.com. 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.

Annually, the Audit Committee performs a specific evaluation of the External Auditors performance with relevant executive Directors through assessment and feedback. The Committee considers all aspects of the auditor's performance including tenure and fees. The External Auditors are Ernst & Young LLP and the current audit partner has had responsibility for the group since 2008. The audit partner is required to be rotated on a five-year basis.

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 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.

Internal Control Systems and Procedures

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. 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.

Reviewing the Controls over Financial Reporting

The role of the Audit Committee 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 up-to-date 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.

The executive Directors and the senior management team are responsible for implementing the risk management strategy, 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 Management Committee. These risks are reported to the Board and Audit Committee by the executive Directors and form an integral part of the Board meetings. This ensures that the key risks are given the due level of focus and that responsive action plans are developed and implemented. 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, inter alia:

- 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 Combined Code throughout the year.

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.

Communications with Shareholders

Communications with shareholders are given high priority. The Board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. All Directors attend the Annual General Meeting and are available to answer questions.

In line with the Combined Code, the publication of the Annual Report and Financial Statements will be notified to shareholders at least 20 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. The Group uses the services of its solicitors and registrar to advise on the information that the Group is required to make available on proxies received for resolutions. All proxy votes will be declared for each resolution at the Annual General Meeting after the vote from the shareholders present. A vote withheld box is included on all proxy forms.

The reporting calendar is largely directed by the publication of the interim and final reports each year which are uploaded onto the Group's website as soon as they are announced. There is regular dialogue with institutional shareholders and analysts after the Group's preliminary announcement of the year-end results, at the half-year and after the Interim Management Statements. At other times during the year, presentations to analysts and updates to the Stock Exchange are made available to shareholders via the Group's website. Formal feedback from shareholders and analysts after meetings is provided through the brokers and is made available to the non-executive Directors.

Any shareholder wishing to contact the Chairman, the Senior Independent Director or any of the non-executive Directors may do so at the Company's Registered Office.

Significant Shareholdings in the Company

Information concerning significant holdings of securities in the company is given in item 14 in the Report of the Directors. The other information required to be disclosed under DTR 7.2.6 is included in item 15 in the Report of the Directors.

Corporate Social Responsibility

Governance Framework for Corporate Social Responsibility

The Group fully supports the expectations of its key stakeholders in conducting its business activities in a highly responsible manner that creates a positive impact on the community, its people and the environment it operates in. Consequently, the Group actively promotes the effective management of its Corporate Social Responsibility (CSR) agenda, in all its Business Divisions recognising its importance to the long term sustainability of all of its businesses.

The Group's approach to CSR is to manage the impact that their operational activities, could or do have, both within the Group and also on external stakeholders and the environment. Its 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 Group has considered the issues that are material to its businesses in achieving the best possible outcome for its stakeholders and has identified the key areas of focus upon which its current CSR agenda is based. Accordingly the key issues covered in the "Corporate Social Responsibility" 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. The Group Chief Executive ensures that the CSR agenda is delivered collectively at an executive level through the senior management team, which has cross-Business Division representation. 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 2010. The Group carried out further restructuring in order to address business efficiencies and to ensure that it was in a position to embrace opportunities presented by media convergence and changing broadcast requirements. 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 terms of business and employment are continuously reviewed, revised and updated in line with legislative requirements and best practice. The Group recruited for a significant number of new positions across a broad range of roles and cross platform functions during the year and endeavours to offer flexibility where possible e.g. permanent or fixed term or a freelance arrangement.

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, 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 them on issues of strategic or 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. Development work has taken place in 2010 on an approved Share Incentive Plan for staff which will be introduced in early 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 and in 2010 held programmes for line managers on recruitment and selection, trained a group of Equality Advisors and revised the harassment and bullying policy in line with best practice and legislative change.

Corporate Social Responsibility

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 and there is a whistle-blowing policy.

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 is compliant with health and safety legislation requirements and 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.

Concentrated effort has been directed to strengthening and formalising the governance structure for the coordinated management of health and safety across the Group. Documentation and reporting procedures have been standardised to provide the necessary documentary evidence to support an annual assurance assessment for the Board. All health and safety incidents and accidents are reported and the Group uses this information to monitor performance. There have been minimal health and safety incidents in the year and summary tables are provided below.

Total number of accidents reported

	2010	2009
Number of fatalities	–	–
Number of serious incidents	–	–
Number of minor incidents	8	18
	8	18
Accidents to staff	8	16
Accident to public	–	–
Accidents to contractors / other third parties	–	2
	8	18

Accident causes

	2010	2009
Slips, trips and falls	5	7
Lifting and carrying	1	1
Hit by objects	1	5
Other	1	5
	8	18

Viewers, Listeners and Regulators

Broadcasting Commitments and Content

The Group recognises the impact that broadcasting operations can potentially have on society and accordingly the quality and content of its output is of utmost importance. Reflecting this potential 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 and Press Complaints Commission.

Radio GB's local radio stations have exceeded the minimum requirements for locally made programming and news set out by Ofcom. This reflects the strategy of delivering output which is as relevant as possible to local audiences at a time when many national radio networks are reducing their own commitment to local content. talkSPORT met its own licence requirements in relation to varied speech output, befitting its status as the UK's only licensed national commercial speech radio station. As regulatory compliance and social responsibilities are priorities for Radio GB, the Division ensures compliance with on-air regulatory codes through the work of its dedicated Compliance Officer and various training programmes to ensure adherence with "Editorial Trust" and "Premium Rate Services" Codes of Conduct established in the industry in 2009. Regular compliance training programmes were run across talkSPORT and the local radio stations in 2010 covering key editorial and advertising requirements set out in the various regulatory codes. Sport magazine operates under a separate regulatory framework for editorial and advertising content, but staff are similarly trained to uphold the highest possible standards, adhering to requirements set out by regulators such as the Press Complaints Commission and Committee of Advertising Practice.

UTV Television is fully committed to its regional television output and it has exceeded regulatory licence requirements for programming in 2010, as determined by Ofcom.The licence required UTV to provide on a weekly basis, 4 hours of news, 30 minutes of current affairs and 90 minutes of non news. UTV endeavours to subtitle as close to 100% of programming as possible and achieved 93% against the Ofcom target of 80%. As part of ITV Network, UTV have targets of 10% of output being audio described and 5% visually signed, both of which have been achieved. UTV had proposed to commission at least 25% of non-news and current affairs output from the independent external sector and this has been significantly exceeded. As all UTV Television output must comply with the Ofcom code, the Group takes great care to ensure content complies with all regulations. Locally produced programmes are scrutinised before broadcast to ensure they are appropriate for the audience, while clear and regular continuity announcements ensure viewers are signposted and can make an informed choice about programming. UTV proactively seeks viewer input via the Regional Advisory Committee and the Religious Advisory Panel which are hosted quarterly.

Corporate Social Responsibility

All Radio Ireland stations are licensed by the Broadcasting Authority of Ireland and comply with the programme policy statements which include agreed quotas for news, current affairs and Irish music output. With the exception of some minor entertainment/comedy cuts, all of the output of the stations is internally produced and this ensures that there is stringent editorial control, compliance with all licensing commitments, advertising codes and standards of taste and decency. Senior Radio Ireland staff are involved in radio industry bodies such as the industry representative body Independent Broadcasters of Ireland (IBI), the industry training body Learning Waves, and the industry research body JNLR. The head of Q102 was appointed as the IBI's Chairman during 2010.

Audience Involvement and Feedback

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 audience loyalty, trust and interaction through the integrity of output. This is reflected in the low number of complaints received from viewers and listeners. Across the Group, there were thirteen complaints made to Ofcom/BAI with regards to programming/editorial issues, of which three were upheld. There were five complaints made with regards to advertising and airtime issues and three were upheld.

Audience interaction is an important part of the programming output at Radio GB's radio stations and in particular in talkSPORT. In 2010 Radio GB codified its own internal working arrangements in this area in a revised audience interaction and competitions compliance policy which sets out the approach that is applied in ensuring that competitions, telephony systems and audience communications are handled with high levels of professionalism, honesty and integrity. Listeners are given easy and clear access to provide feedback to the stations to make sure their views are heard with access being made available by way of a number of different platforms.

The growth of social media has been embraced by UTV Television with Facebook and Twitter being utilised to interact with viewers. Journalists have been issued with new mobile phones to allow them to tweet news stories and provide a behind the scenes update of news gathering. Continuity announcers have their own dedicated Twitter feed to allow for greater signposting for programmes and interaction with viewers. Certain broadcast shows utilise Facebook to involve viewers in programmes and allow presenters to communicate directly with them. UTV Television also encourages audience interaction via premium rate telephone services (PRS). These services are used primarily in competition-based programming and advertising and UTV aims to be obvious, clear and open with viewers to develop a bond of trust. The Group has an internal compliance team which reports on a regular basis and thoroughly investigates any possible breaches of internal standards. The Board Director responsible for compliance makes an annual declaration to Ofcom in regard to the standard and quality of the PRS services.

Audience involvement is critical to the success of the stations in Radio Ireland and the audiences are actively encouraged to become involved in the current affairs shows where audience participation and reaction generally set the agenda. The listeners are also encouraged to interact in providing news and traffic information and by participating in the many community / charitable activities that are promoted.

Digital Issues

The Group fully participates in Ofcom's development of Digital Participation Network and Group representatives attend all related meetings. The Group is developing its ongoing communications plan for Digital Switch Over for television due in 2012, which will dovetail with work being undertaken by other agencies and broadcasters.

Commercial Associates

As a commercial organisation the Group pursues the best possible economic returns for its shareholders. 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 ensures that all advertising customers are provided with terms of business which clearly outlines the way in which business will be conducted.

The Group conducts its business with a diverse range of suppliers and aims to treat all in a consistent and fair manner both in the selection of suppliers and in the ongoing trading arrangements. The Group selects suppliers on the basis of quality, value for money and the environmental / 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, although this does have to be balanced with the very real need for efficient and economic procurement arrangements. The Group's specialist suppliers include local independent production companies which supports the continued development of these small ventures.

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 and the Football Association 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, service expectation agreements, set performance

Corporate Social Responsibility

levels and essentially nurturing a close and constructive working relationship with each of the suppliers.

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 and community events. Access to UTV Television and to the Group's radio studios is regularly made available to school and community groups and many groups also take advantage of reduced rates or free access to recording and editing facilities. UTV Television continued its work with the University of Ulster and the Northern Ireland Skillset Academy and a number of Skillset events were hosted at UTV along with the Graduation in Film Presentation for the students from University of Ulster.

The Group has for many years been supporting both regional universities in Northern Ireland by providing full-time one-year placements for a number of students in various disciplines including finance, IT, maintenance, library and content, which forms part of their on-going degree course education and hence contributes to the training and development of the future workforce. All of the Radio Ireland stations have continued their programme of work placement for students and for those undertakings in broadcasting courses, this included a number of internships being offered.

Support for the Business Community

In 2010 the Group Chief Executive took on the role of Chairman of Business in the Community (BITC) Northern Ireland's Work Inspiration Campaign to improve the quality of work experience on offer and to mobilise businesses to turn work experience into work inspiration. The aim of Work Inspiration is to raise awareness among the corporate sector and create a better understanding of what can be done to make young people's first experiences of work more meaningful and relevant and ultimately useful, thereby raising the employability skills of young people. The Group was awarded a National Work Inspiration Award in 2010 for its work experience programme for young people which BITC judges said gave young people a truly inspiring first experience of the world of work.

UTV Television continues to support the local business community, through the UTV Business Eye Awards with the awards celebrating the best of the Northern Ireland business community and this gives local companies a chance to gain recognition for their outstanding work.

Community Support Initiatives

Radio GB's stations serve their respective communities in a variety of important ways by playing an integral role in the fabric of the local area, whether as an essential source of local information or as a platform for local events, educational institutions and community groups. One of the key ways in which local initiatives are supported is through regular community diary features. The local radio stations also stage community events themselves celebrating local people and culture. In 2010 these included Swansea's Culture and Lifestyle Awards, Blackpool Heroes in the Community Awards and the Liverpool Style Awards. At a national level, talkSPORT and Sport magazine gave exposure to a number of different community initiatives undertaken by sports teams and sports stars over the course of 2010.

UTV Television supported a number of off-air community events in 2010 including the Belfast Mela, which is Northern Ireland's biggest multi cultural festival. The event showcased music, dance, art and food from around the world and was promoted across all media platforms.

The Radio Ireland stations supported large numbers of local community events such as local marathons, fund raisers, sporting events, concerts etc.

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 used its national profile and speech format to publicise a number of campaigns in 2010. These included the "Prostate Cancer Charity" whose work has particularly strong resonance with talkSPORT's male audience. The station also joined forces with "Against Malaria" in the lead up to the FIFA 2010 South Africa World Cup, raising awareness of the disease. Each one of GB Radio's local stations made a considerable contribution to a range of charities in 2010.

All Radio Ireland stations gave significant support to charity throughout the year with active involvement, particularly through interviews on current affair shows and the broadcasting of promotions for forthcoming charitable/community events.

Environment

The Group recognises that its business activities inevitably 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, travel-related fuel consumption, waste products produced and opportunities for recycling. Amendments to the Waste Electrical and Electronic Equipment (WEEE) regulations came into force in January 2010 and arrangements have been put in place to ensure compliance with this legislation. The Environmental Policy has been widened recently to include consideration of green purchasing with regards to supplier issues.

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 and is audited twice a year by the British Standards Institute

Corporate Social Responsibility

(BSI) to ensure standards in the EMS system are maintained. The EMS system enables 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 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.

Energy Consumption

Due principally to the co-location of a number of radio stations, a 7% reduction (190 tonnes) of CO_2 emissions was achieved in 2010 compared to 2009. A further 2% reduction is targeted for 2011.

Travel-related Fuel Consumption

As car travel is an essential part of the Group's operations, a number of initiatives to facilitate a reduction in transport-related CO_2 emissions are being developed. In 2010 these have resulted in a 4% reduction (33 tonnes) of CO_2 emissions from the level of consumption in 2009. A further 2% reduction is targeted for 2011.

Waste Products and Recycling

The Group has been operating a recycling programme for consumables for a number of years and only accredited waste disposal companies are used. These recycled consumables include toner cartridges, mobile phones, electrical items, paper, cardboard, cans, plastic and glass. The Group aims to decrease the amount of waste it produces and to increase the amount it recycles. The waste reduction target is 1% for 2011.

Water Consumption

The Group does not use water as part of its business processes and consumption occurs for general purposes only. Staff are encouraged to follow best practice in the use of water. As most locations do not have water meters supplied, accurate water consumption data is currently not readily available.

Capturing and Reporting Environmental Impact Data

Climate change issues have come to the fore as key sustainable development issues with many governments now taking proactive steps to reduce CO_2 emissions through national policies. The Group in preparing for future national and regional climate policies, has introduced more quantitative methods to collect data relating to CO_2 emissions thereby providing improved accuracy of emissions calculation which will give greater certainty in the future that reduction targets are being met.

The Carbon Reduction Commitment (CRC) scheme came into force during the year and makes it mandatory for all companies that consume electricity through a half-hourly electricity meter to register. The Group has one half-hour meter but its consumption is significantly below the set threshold for further information disclosure within this phase of the scheme.

The Carbon Disclosure Project (CDP) 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 Group has responded to a request from the CDP to provide information on its energy usage and CO_2 emissions for the last two years and more accurate methods of data collection are being developed. Further detail is provided at www.cdproject.net.

Every year the Group participates in "ARENA" Network's Environmental Benchmarking Survey which aims to raise the profile of environmental issues in Northern Ireland's business community and to encourage improvement in environmental management and performance. Initiatives taken by the Environmental Committee helped the Group to improve its ranking and it now occupies a position in the first quartile of the survey.

Corporate Social Responsibility

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 2011 with the key actions to be taken to achieve the target and / or to capture the baseline data.

Environmental Impact	2009 actual	2010 actual	2011 target	Proposed actions to achieve target
CO_2 energy consumption (tonnes)	2,700	2,510 7% decrease	2% decrease	Upgrades to the Building Management System in Belfast. Progressive replacement of heating and lighting plant with higher efficiency units
CO_2 fuel consumption (tonnes)	819	786 4% decrease	2% decrease	Encourage staff to use public transport and share car journeys. Replace fleet vehicles with lower CO_2 emission alternatives and reduce fleet size.
General waste generated (tonnes)	41	39	1% decrease	Increase staff awareness to waste
Recycled waste generated (tonnes)	10	6	Maintain	Introduce more recycling centres

Report of the Board on Directors' Remuneration

Information not subject to audit

Remuneration

This report is prepared on the basis of regulations in the United Kingdom and Listing Rules. The report is divided into two sections, the first contains information that is not audited and the second section contains audited information.

Remuneration committee

The Remuneration Committee comprises two non-executive Directors appointed by the Board. It is chaired by K Lagan and its other member is H Kirkpatrick. The Committee determines and agrees with the board the Company's policy on remuneration for the Chairman, the Group Chief Executive and the executive Directors. The Remuneration committee is advised on director's remuneration by Hewitt New Bridge Street. This firm does not provide any other material advice to the Group.

Remuneration policy

The Remuneration Committee's policy objective is to ensure executive Directors are provided with appropriate incentives to encourage enhanced performance and is comparable with the marketplace, paying particular attention to the remuneration levels of other companies in the Media industry in the UK.
The remuneration package consists of basic salary, benefits, performance related bonuses, a long term incentive plan and pensions.

The remuneration of the non-executive directors is determined by the Chairman and the executive members of the board.
The details of individual components of the remuneration package and service contracts are discussed below.

Basic salary and benefits

The salary and benefits are reviewed annually or exceptionally during the year should there be any change to an individual's role or responsibility. Apart from such increases the annual salary increase for executive Directors was 2.5%, consistent with that awarded to staff in the Northern Ireland and GB companies within the Group. Benefits comprise a car, fuel, private healthcare and necessary business equipment.
The non-executive Directors are paid an annual salary. In addition the Chairman receives benefits which comprise a car, fuel and necessary business equipment.

Bonuses

Bonuses which are not guaranteed are payable to the executive Directors and certain senior executives based on achievement of pre-determined performance targets. For 2010 the annual cash bonus arrangement calculated by reference to earnings growth based on continuing operations but before exceptional items was reviewed. The Remuneration Committee considered it appropriate to issue awards under an incentive plan (the Growth Securities Ownership Plan (GSOP)) related to growth in operating profit from continuing operations before exceptional items, tax and finance costs as this would reduce the potential overall cost of the incentive.

Based on the target stated in the 2009 Report and Accounts, growth in 2010 earnings from continuing operations but before exceptional items of 19% was required in order to achieve the maximum bonus. The actual growth rate achieved was 24%. Under the GSOP measurement a target growth in operating profit from continuing operations before exceptional items, tax and finance costs of 8% was required to achieve the maximum bonus. The actual growth rate achieved was 13%. As a result of this, maximum payments will be made to executive Directors and certain senior executives. The amount payable to executive Directors in 2010 under GSOP was capped to a maximum of 80% of basic salary.

Bonuses in 2011, which are not guaranteed, are again capped to a maximum of 80% of basic salaries. Earnings growth based on operating profit on continuing operations before exceptional items, tax and finance costs of 12% is required in order to achieve the maximum bonus.

Long Term Incentives

The Company has put in place a long term incentive plan for certain UTV senior executives. In determining the Company's long term incentive plan, the remuneration committee follows the provisions in Schedule A of the Combined Code, in line with current market practice. Executives may be granted awards 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. The performance criteria of the awards will either be based on the growth in diluted, adjusted earnings per share (EPS) from the commencement of the financial year in which the awards were granted or a combination of growth in diluted, adjusted earnings per share (EPS) over the three financial years commencing with the financial year in which the awards were granted and 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 three years commencing with the date on which the awards were granted. A detailed summary of the performance conditions of the 2010 award are given in note 26 and this reflects the Company's policy on performance conditions in respect of the long term incentive plan insofar as it is expected to apply in the next financial year and subsequent years. The performance conditions are aimed to align directors' performance to shareholder value and were selected by the Remuneration Committee on the advice of the Company's remuneration consultants.

Report of the Board on Directors' Remuneration

Pensions

Two current executive Directors, J McCann and S Taunton are members of the UTV Company pension scheme. The pension benefits payable to J McCann are 1/30th of final pensionable salary for each year of pensionable service, subject to a maximum of 20 years. Final pensionable salary is the basic salary as at the previous 1 July together with an allowance for benefits in kind. In the event that the Company requests early retirement, J McCann is entitled to a pension enhancement or a cash equivalent of this on a defined basis. 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.

N McKeown is not a member of the UTV Company pension scheme but is entitled to a contribution by the company of 15% of his basic salary into a personal pension scheme.

J R Downey opted not to join any of the Group's pension schemes.

In certain cases due to HMRC limits, in order to satisfy the above policies contributions are paid into unfunded arrangements or personal pension plans.

Service contracts

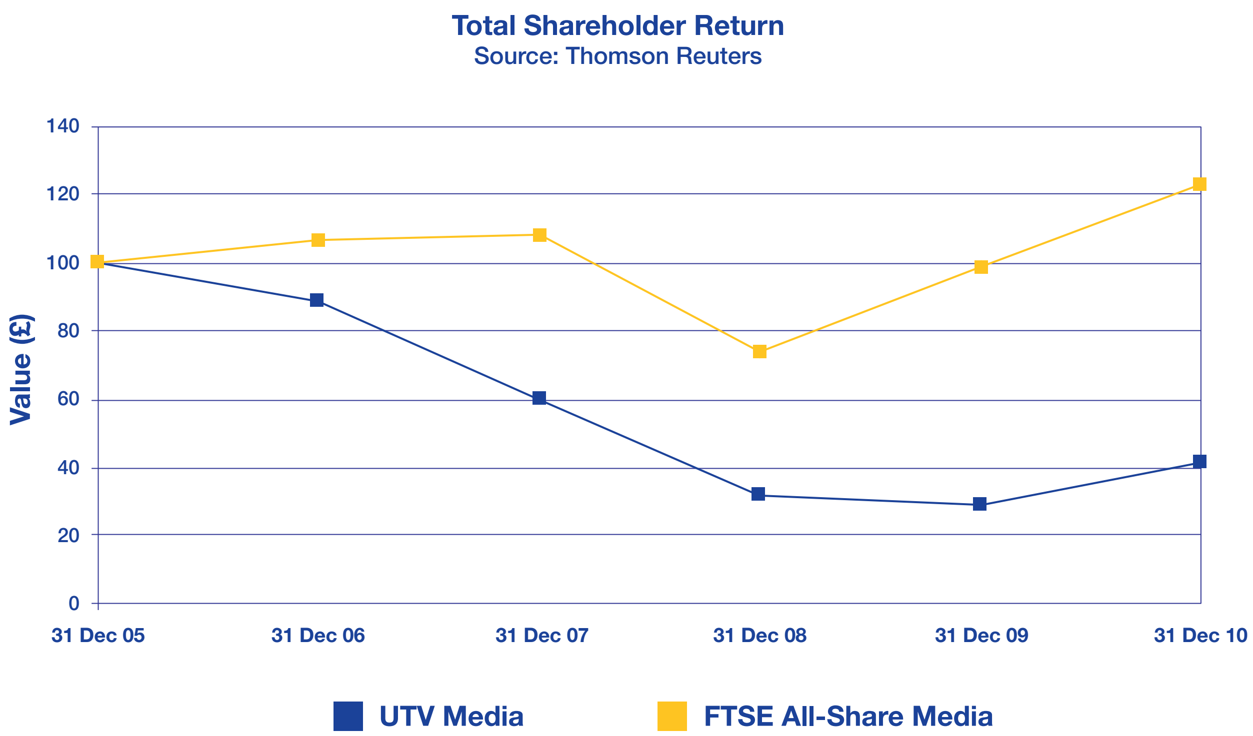
J McCann and J R Downey have service contracts with the Company dated 16 October 2007. S Taunton has a service contract with the Company dated 1 July 2006 and N McKeown has a service contract with the Company dated 24 November 2008.

None of the executive Directors' service contracts provide for pre-determined amounts of compensation in the event of early termination except in the event of change of control of the Company when remuneration shall be paid in respect of any unexpired notice period on termination of employment by the Company. Notice periods do not exceed twelve months. However, the remuneration committee considers the circumstances of the individual cases of early termination and in exceptional circumstances only would recommend compensation payments outwith of the company's contractual obligations.

The non-executive Directors have Letters of Appointment with the Company which provide for an initial period of three years, subject to review but do not include notice periods in excess of one year or predetermined compensation on termination. Dates of appointment are detailed in the Board of Directors Report.

Performance graph

This graph looks at the value, by the end of 2010, of £100 invested in UTV on 31 December 2005 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.



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

Information subject to audit

Directors' remuneration

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

	Basic salary and fees £	Benefits £	Bonus £	2010 Total £	2009 Total £
Executive directors:					
J McCann	407,720	34,865	332,000	774,585	450,001
J R Downey	182,500	18,403	144,000	344,903	198,982
S Taunton	278,500	14,345	220,000	512,845	289,890
N McKeown	160,000	14,179	120,000	294,179	136,327
Non-executive directors:					
J B McGuckian	85,167	34,341	–	119,508	118,892
R E Bailie	32,000	–	–	32,000	32,000
K Lagan	32,000	–	–	32,000	32,000
H Kirkpatrick	32,000	–	–	32,000	32,000
S Reihill	32,000	–	–	32,000	32,000
	1,241,887	116,133	816,000	2,174,020	1,322,092

The 2009 comparative amount for N McKeown reflects his remuneration for the period from 11 March 2009 when he was appointed to the Board.

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 2010 £	Increase, including inflation, in accrued pension during the year £	Accumulated total accrued pension at 31 December 2009 £
J McCann	4,704	97,300	282,701	17,362	265,339
S Taunton	3,752	35,400	32,623	5,066	27,557

	Transfer value of accrued pension at 31 December 2010 £	Increase in transfer value of accrued pension £	Transfer value of accrued pension at 31 December 2009 £
J McCann	6,595,500	1,018,600	5,576,900
S Taunton	389,400	98,400	291,000

As a result of the Finance Act 2004, J McCann stopped accruing service in the UTV Scheme from 31 March 2006. Since then his pension entitlements have been accrued and are to be paid to an unfunded arrangement. At the year end an amount of £1,121,000 (2009: £758,000) has been accrued by the company in respect of this. In the table above the figures relate to total pension entitlement from both the UTV Company pension scheme and the unfunded arrangement.

These transfer values are liabilities of the pension fund, not a sum due or paid to the executive Director. The increase in the transfer values of accrued pension is stated net of the member contributions paid during the year by J McCann and S Taunton amounting to £12,500 (2009: £24,900) and £25,100 (2009: £24,800) respectively. As J McCann has stopped accruing pension service in the UTV Scheme 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 basic salary entitlement.

In addition the company contributed £24,000 (2009: £18,145) to a personal pension plan on behalf of N McKeown.

Report of the Board on Directors' Remuneration

Interests in the long term incentive plan

The following directors were granted awards under the Company's long term incentive plan on 23 April 2007.

	At 1 January 2009 No.	Interest awarded in the year No.	At 31 December 2009 No.	End of qualifying period	Market price at date of award
J McCann	97,116	-	97,116	31 Dec 09	391.28p
J R Downey	40,891	-	40,891	31 Dec 09	391.28p
S Taunton	51,114	-	51,114	31 Dec 09	391.28p

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

	At 1 January 2010 No.	Interest awarded in the year No.	At 31 December 2010 No.	End of qualifying period	Market price at date of award
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 vesting of the awards granted on 23 April 2007 and 26 March 2008 were dependant on the Company's total EPS growth over the three years from commencement of the financial year in which the awards were granted. For the awards to vest the total EPS growth was required to exceed RPI by at least 9%. As this was not achieved, these awards will not vest.

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

	At 1 January 2010 No.	Interest awarded in the year No.	At 31 December 2010 No.	End of qualifying period	Market price at date of award
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

Report of the Board on Directors' Remuneration

Interests in the long term incentive plan (continued)

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

	At 1 January 2010 No.	Interest awarded in the year No.	At 31 December 2010 No.	End of qualifying period	Market price at date of award
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

There are two performance conditions applying to the awards granted in 2009 and 2010. For the 2009 award 75% and for the 2010 award 50% will be subject to a performance condition comparing the Company's total shareholder return (TSR) against a comparator group comprising the companies of the FTSE All Share Media sector over the three years commencing with the date on which the awards were granted. The remaining 25% of the 2009 award and 50% of the 2010 award will be subject to a performance condition based on the annual EPS growth measured over the three financial years commencing with the financial year in which the awards were granted.

The amount of awards granted in 2009 and 2010 that vests to each director increases in accordance with the level of TSR and EPS growth achieved. Under the TSR portion of the award, no award will vest until the ranking of the Company's TSR against the TSR of the members of the comparator group is ranked at the median. If this level is achieved, 25% of the award will vest. Additional vesting will be achieved on a straight line basis if the ranking is between the median and upper quartile up to a maximum 100% if the ranking is in the upper quartile. Under the EPS portion of the award no award will vest until the Company's annual EPS growth over the three years from the commencement of the financial year in which the awards were granted exceeds 1% per annum. If this level of EPS 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 of 100% for EPS growth in excess of 3% per annum.

The awards may be exercisable in the six month period from the date of vesting.

Kevin Lagan
Chairman of the Remuneration Committee
31 March 2011

Report of the Directors

Registered Number: NI 065086

To be presented at the Annual General Meeting of the Company to be held on 17 May 2011.

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 2010.

2. Results and dividends for the year

The Group profit before exceptional items for the year, after taxation, amounted to £16,429,000 of which £16,012,000 is attributable to the members of the Company as detailed in the Group Income Statement. An exceptional charge of £24,765,000 was incurred during the year as a result of impairment on intangible assets net of exceptional deferred tax credit 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 £8,336,000 of which £8,753,000 is attributable to the members of the Company.

Dividends amounting to £2,862,000 were paid during the year representing a final ordinary dividend for 2009 of 2.00p per share and an interim ordinary dividend for 2010 of 1.00p per share as detailed in Note 13.

A final dividend of £2,862,000 representing 3.00p per share, is proposed for approval at the Annual General Meeting. If approved, warrants in respect of it will be despatched on 15 July 2011 to shareholders on the register at the close of business on 27 May 2011.

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; and
- 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. 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.

5. 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.

6. 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.

7. Charitable and political donations

Charitable donations by the Group in the year amounted to £8,700 (2009: £4,000). No donations were made for political purposes during the year (2009: £Nil).

8. 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.

9. Corporate governance

The information required to be disclosed under DTR7.2 is provided within the Corporate Governance Section and point 15 of this report.

10. Treasury shares

At the 31 December 2010 the UTV Employee Benefit Trust, which is a discretionary trust for the benefit of employees of UTV Media plc held 499,999 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.

11. Directors and their interests

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

Under Article 128 of the Company's Articles of Association, J B McGuckian and R Bailie at the date of the Annual General Meeting will have held office for nine years and therefore retire and offer themselves for re-election.

In accordance with Article 127 of the Company's Articles of Association, H Kirkpatrick at the date of the Annual General Meeting will have held office for three years and therefore retires and offers herself 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.

Registered Number: NI 065086

The Directors and their families had interests in the shares of the Company as follows:

	At 31 Dec 2010 Ordinary shares of 5p each	At 31 Dec 2009 Ordinary shares of 5p each
J B McGuckian	71,950	71,950
J McCann	364,298	364,298
R E Bailie	871,896	871,896
J R Downey	174,736	174,736
K Lagan	176,482	176,482
S Taunton	250,061	250,061
H Kirkpatrick	7,318	7,318
N McKeown	74,400	20,000

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 Company during the period from the end of the financial year to 21 March 2011.

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 14 of this report.

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'.

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. Financial instruments

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

14. 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 21 March 2011.

Up to 21 March 2011 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.

	Ordinary shares	Percentage of that class
TVC Holdings [1]	17,240,262	17.98%
Organo Investments	13,482,367	14.06%
Fidelity International Ltd	9,929,944	10.35%
Milestone Trust	4,625,000	4.82%
BlackRock	4,448,499	4.64%
Legal & General Investment Management	3,723,271	3.88%

[1] *S Reihill is a shareholder of TVC Holdings*

15. 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 2010, 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

Report of the Directors

Registered Number: NI 065086

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 11. Major interests (i.e., those greater than 3%) of which the Company has been notified are shown in point 14 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 0.52% 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.

16. 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.

17. 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 listed in the 'Board of Directors'. 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
31 March 2011

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.

The Directors are required to prepare Group financial statements for each financial year which 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; and
- make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping proper accounting records which 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 31 March 2011 and the above responsibility statement was signed on its behalf by the Group Chief Executive.

John McCann
Group Chief Executive
31 March 2011

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 2010 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 32. 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 41, 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.

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 2010 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 20 to 25 with respect to internal control and risk management systems in relation to financial reporting processes 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 followng:

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 38, in relation to going concern;
- the part of the Corporate Governance Statement on pages 20 to 25 relating to the company's compliance with the nine provisions of the June 2008 Combined 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 2010 and on the information in the Directors' Remuneration Report that is described as having been audited.

David Graham Galbraith (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
31 March 2011

Group Income Statement

For the year ended 31 December 2010

	Notes	Results before Exceptional Items 2010 £000	Exceptional Items 2010 £000	Total 2010 £000	Results before Exceptional Items 2009 £000	Exceptional Items 2009 £000	Total 2009 £000
Continuing operations							
Revenue	3	**120,199**	-	120,199	**112,079**	-	112,079
Operating costs	5	**(94,556)**	-	(94,556)	**(88,396)**	-	(88,396)
Operating profit from continuing operations before tax and finance costs		**25,643**	-	25,643	**23,683**	-	23,683
							-
Non-operational exceptional costs	4	**-**	-	-	**-**	(564)	(564)
Impairment of intangible assets	4	**-**	(35,000)	(35,000)	**-**	-	-
Share of results of associates accounted for using the equity method		**216**	-	216	**291**	-	291
(Loss)/profit from continuing operations before tax and finance costs	3	**25,859**	(35,000)	(9,141)	**23,974**	(564)	23,410
Finance revenue	8	**76**	-	76	**89**	-	89
Finance costs	9	**(4,760)**	-	(4,760)	**(5,848)**	-	(5,848)
Foreign exchange loss		**(80)**	-	(80)	**(129)**	-	(129)
(Loss)/profit from continuing operations before tax	3	**21,095**	(35,000)	(13,905)	**18,086**	(564)	17,522
Taxation	10	**(4,666)**	10,235	5,569	**(3,663)**	(1,492)	(5,155)
(Loss)/profit from continuing operations after tax		**16,429**	(24,765)	(8,336)	**14,423**	(2,056)	12,367
Discontinued operations							
Loss from discontinued operations	11	**-**	-	-	**(321)**	(299)	(620)
(Loss)/profit for the year		**16,429**	(24,765)	(8,336)	**14,102**	(2,355)	11,747
Attributable to:							
Equity holders of the parent		**16,012**	(24,765)	(8,753)	**13,491**	(2,355)	11,136
Minority interests		**417**	-	417	**611**	-	611
		16,429	(24,765)	(8,336)	**14,102**	(2,355)	11,747

	Notes	**2010**	**2009**
Earnings per share			
Continuing operations			
Basic and diluted	12	(9.17)p	12.32p
Adjusted	12	16.78p	14.49p
Diluted adjusted	12	16.70p	14.49p
Continuing and discontinued operations			
Basic and diluted	12	(9.17)p	11.67p
Adjusted	12	16.78p	14.15p
Diluted adjusted	12	16.70p	14.15p

Group Statement of Comprehensive Income

For the year ended 31 December 2010

	Notes	2010 £000	2009 £000
(Loss)/profit for the year		(8,336)	11,747
Other comprehensive income			
Exchange difference on translation of foreign operations		(2,933)	(6,214)
Actuarial gain/(loss) on defined benefit pension schemes	30	3,043	(3,274)
Cash flow hedges:			
Loss arising during the year		(1,167)	(1,019)
Less transfers to the income statement		1,471	1,857
Tax relating to other comprehensive income	10	(878)	694
Other comprehensive loss for the year, net of tax		(464)	(7,956)
Total comprehensive (loss)/income for the year, net of tax		(8,800)	3,791
Attributable to:			
Equity holders of the parent		(9,217)	3,180
Minority interests		417	611
		(8,800)	3,791

Group Balance Sheet

At 31 December 2010

	Notes	2010 £000	2009 £000
ASSETS			
Non-current assets			
Property, plant and equipment	14	10,695	11,440
Intangible assets	15	221,856	261,030
Investments accounted for using the equity method	17	172	137
Deferred tax asset	10	9,876	14,255
		242,599	286,862
Current assets			
Inventories	19	1,741	1,469
Trade and other receivables	20	28,180	31,778
Cash and short term deposits	21	11,250	8,434
		41,171	41,681
TOTAL ASSETS		283,770	328,543
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	(1,258)	(1,258)
Foreign currency reserve	28	9,499	12,432
Cash flow hedge reserve	28	(581)	(821)
Retained earnings		54,441	63,409
		117,708	129,369
Minority interest		475	747
TOTAL EQUITY		118,183	130,116
Non-current liabilities			
Financial liabilities	23	74,490	88,532
Derivative financial liabilities	18	370	-
Pension liability	30	6,800	10,999
Provisions	25	970	1,060
Deferred tax liabilities	10	38,416	49,580
		121,046	150,171
Current liabilities			
Trade and other payables	22	32,363	36,793
Financial liabilities	23	8,254	8,374
Derivative financial liabilities	18	420	1,100
Tax payable		3,076	1,540
Provisions	25	428	449
		44,541	48,256
TOTAL LIABILITIES		165,587	198,427
TOTAL EQUITY AND LIABILITIES		283,770	328,543

The financial statements were approved by the Board of Directors and authorised for issue on 31 March 2011. They were signed on its behalf by:

John McCann
Norman McKeown } Directors

Group Cash Flow Statement

For the year ended 31 December 2010

	Notes	2010 £000	2009 £000
Operating activities			
(Loss)/profit before tax		(13,905)	16,767
Adjustments to reconcile (loss)/profit before tax to net cash flows from operating activities			
Foreign exchange loss		80	129
Net finance costs before exceptional costs		4,684	5,759
Share of results of associates		(216)	(291)
Non-operational exceptional costs		35,000	873
Depreciation of property, plant and equipment	14	1,636	1,816
Difference between pension contributions paid and amounts recognised in the income statement		(1,156)	(867)
(Increase)/decrease in inventories		(272)	159
Decrease/(increase) in trade and other receivables		3,143	(2,198)
(Decrease)/increase in trade and other payables		(3,584)	6,952
Decrease in provisions		(24)	(246)
Profit from sale of property, plant and equipment		(21)	(29)
Share based payments		418	82
Cash generated from operations before exceptional costs		25,783	28,906
Exceptional costs		(549)	(1,781)
Tax paid		(226)	(279)
Net cash inflow from operating activities		25,008	26,846
Investing activities			
Interest received		76	96
Proceeds on disposal of property, plant and equipment		151	111
Purchase of property, plant and equipment		(1,159)	(2,697)
Dividends received from associates		181	227
Outflow on acquisition of subsidiary undertaking		(13)	(154)
Outflow on acquisition of joint ventures		(69)	-
Acquisition of trade and net assets		-	(217)
Net cash flows from investing activities		(833)	(2,634)
Financing activities			
Borrowing costs		(3,021)	(3,822)
Swap cost		(1,471)	(1,857)
Dividends paid to equity shareholders		(2,851)	(1,911)
Dividends paid to minority interests		(689)	(457)
Repayment of borrowings		(13,233)	(16,765)
Rights issue		-	(50)
Net cash flows used in financing activities		(21,265)	(24,862)
Net increase/(decrease) in cash and cash equivalents		2,910	(650)
Net foreign exchange differences		(94)	(196)
Cash and cash equivalents at 1 January		8,434	9,280
Cash and cash equivalents at 31 December	21	11,250	8,434

Group Statement of Changes in Equity

For the year ended 31 December 2010

	Equity share capital £000	Capital redemption reserve £000	Treasury shares £000	Foreign currency reserve £000	Cashflow hedge reserve £000	Retained earnings £000	**Share holder equity £000**	Minority interest £000	**Total £000**
At 1 January 2009	55,557	50	(1,258)	18,646	(1,455)	56,475	**128,015**	593	**128,608**
Profit for the year	–	–	–	–	–	11,136	**11,136**	611	**11,747**
Other comprehensive (loss)/income in the year	–	–	–	(6,214)	634	(2,376)	**(7,956)**	–	**(7,956)**
Total net comprehensive income/(loss) in the year	–	–	–	(6,214)	634	8,760	**3,180**	611	**3,791**
Share based payment	–	–	–	–	–	82	**82**	–	**82**
Equity dividends paid	–	–	–	–	–	(1,908)	**(1,908)**	(457)	**(2,365)**
At 31 December 2009	55,577	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 income/(loss) 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**

Notes to the Group Financial Statements

For the year ended 31 December 2010

1. Corporate information

The Group's financial statements for the year ended 31 December 2010 were authorised for issue by the Board of the Directors on 31 March 2011 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 2010. 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 2010 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 2010:

- Amendment to IFRS 2 "Group Cash-settled Share-based Payment Arrangements". The amendment clarifies the accounting for group cash-settled share-based payment transactions, where a subsidiary receives goods or services from employees or suppliers but the parent or another entity in the group pays for those goods or services. This amendment did not have any impact on the financial position of the group.

- IFRS 3 (revised) "Business Combinations". The revised standard increases the number of transactions to which it must be applied including business combinations of mutual entities and combinations without consideration. IFRS 3 (revised) introduces significant changes in the accounting for business combination such as valuation of non-controlling interest, business combination achieved in stages, the initial recognition and subsequent measurement of a contingent consideration and the accounting for transaction costs. These changes will have a significant impact on profit or loss reported in the period of an acquisition, the amount of goodwill recognised in a business combination and profit or loss reported in future periods. This amendment did not have any impact on the group in the current year.

- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Eligible hedged items". The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. Management has concluded that the amendment did not have any impact on the financial position or performance of the group.

- Improvements to IFRSs: In May 2009 the IASB issued its second 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 or performance of the group.

- In preparing the financial statements for the year ended 31 December 2010 the Directors have reconsidered the classification of its acquired programme rights within the balance sheet. These were previously classified within prepayments and accrued income, however since they are part of the cost of broadcasting programmes the Directors consider that their classification as inventory is more appropriate. Consequently an amount of £1,137,000 has been reclassified in the Group balance sheet as at 31 December 2009. The financial impact of this reclassification on the balance sheet as at 31 December 2008 is not considered material and the balance sheet at that date has not been represented. There is no impact on the Group's income statement, statement of comprehensive income, cash flow statement or statement of changes in equity.

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.

Notes to the Group Financial Statements

For the year ended 31 December 2010

2. Summary of accounting policies (continued)

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.

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.

2. Summary of accounting policies (continued)

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.

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.

Notes to the Group Financial Statements

For the year ended 31 December 2010

2. Summary of accounting policies (continued)

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.

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.

2. Summary of accounting policies (continued)

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 to 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.

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.

Notes to the Group Financial Statements

For the year ended 31 December 2010

2. Summary of accounting policies (continued)

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.

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.

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.

Notes to the Group Financial Statements

For the year ended 31 December 2010

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.

Notes to the Group Financial Statements

For the year ended 31 December 2010

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.

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***
IAS 24	Revised Related Party Disclosures (Amendment)	1 January 2011
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2013
International Financial Reporting Interpretations Committee (IFRIC)		
Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement		1 January 2011

* 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 Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

Notes to the Group Financial Statements

For the year ended 31 December 2010

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, which existed in 2009, related to a number of loss making radio stations in GB which were identified for sale or closure.

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 2010 and 2009.

Revenue

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	36,655	11,241	120,199
Intersegmental sales	754	1,388	2,333	-	4,475
	49,698	24,747	38,988	11,241	124,674

Year ended 31 December 2009

	Radio GB £000	Radio Ireland £000	Television £000	New Media £000	Total £000
Sales to third parties	43,173	24,823	32,544	11,539	112,079
Intersegmental sales	846	1,544	1,838	-	4,228
	44,019	26,367	34,382	11,539	116,307

Notes to the Group Financial Statements

For the year ended 31 December 2010

3. Revenue and segmental analysis (continued)

(a) Operating segments (continued)

Results

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**	**5,256**	**1,920**	**25,643**
Associate income					216
Profit before exceptional costs, tax and finance costs					25,859
Exceptional costs					(35,000)
					(9,141)
Net finance cost					(4,684)
Foreign exchange loss					(80)
Loss before taxation					(13,905)

Year ended 31 December 2009

	Radio GB £000	Radio Ireland £000	Television £000	New Media £000	Total £000
Segment operating profit before exceptional costs	**9,420**	**7,036**	**5,258**	**1,969**	**23,683**
Associate income					291
Profit before exceptional costs, tax and finance costs					23,974
Exceptional costs					(564)
					23,410
Net finance cost					(5,759)
Foreign exchange loss					(129)
Profit before taxation					17,522

Notes to the Group Financial Statements

For the year ended 31 December 2010

3. Revenue and segmental analysis (continued)

(a) Operating segments (continued)

Other segmental information

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

Year ended 31 December 2009

	Radio GB £000	Radio Ireland £000	Television £000	New Media £000	Total £000
Depreciation	461	519	601	195	1,776

(b) Geographic information

Turnover is generated from GB and Ireland. The following table's present revenue information regarding the Group's geographical segments for the years ended 31 December 2010 and 2009. 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 2010

	Ireland £000	GB £000	Total £000
Revenue from continuing operations			
Sales to third parties	52,135	68,064	120,199

Year ended 31 December 2009

	Ireland £000	GB £000	Total £000
Revenue from continuing operations			
Sales to third parties	53,400	58,679	112,079

Notes to the Group Financial Statements

For the year ended 31 December 2010

4. Exceptional items

	Continuing Operations		Discontinued Operations		Total	
	2010 £000	2009 £000	2010 £000	2009 £000	2010 £000	2009 £000
Impairment of intangible assets	(35,000)	-	-	-	(35,000)	-
Fundamental restructuring costs	-	(344)	-	(309)	-	(653)
Impairment of investment	-	(220)	-	-	-	(220)
	(35,000)	(564)	-	(309)	(35,000)	(873)

The impairment of intangible assets is explained within note 16.

In 2009, this fundamental restructuring continued in Radio GB, with the disposal or closure of loss making stations.

Independent Network News, the provider of a news service to the radio stations in Ireland, closed at the end of October 2009. Radio Ireland has a commitment to help fund the closure and wind-up costs of this business. Consequently, the group invested the necessary funds in this company but immediately recognised impairment on this investment of £220,000.

The exceptional tax charge of £10,235,000 (2009: £1,492,000) reflects the tax credit of £9,450,000 (2009: £69,000) on the exceptional costs outlined above plus the exceptional deferred tax credit of £785,000 (2009: charge of £1,561,000) due to the change in the UK corporation tax rate from 28% to 27% (2009: change in the Republic of Ireland capital gains tax rate from 22% to 25%).

5. Operating Costs

	Continuing Operations		Discontinued Operations		Total	
	2010 £000	2009 £000	2010 £000	2009 £000	2010 £000	2009 £000
Purchase of programmes and programme rights	13,322	9,802	-	-	13,322	9,802
Cost of inventory expensed	1,456	750	-	-	1,456	750
Sales related costs	14,161	14,929	-	140	14,161	15,069
Other programme and operating costs	28,121	28,705	-	434	28,121	29,139
Staff costs (note 7)	33,873	30,093	-	227	33,873	30,320
Depreciation of property, plant and equipment	1,636	1,776	-	40	1,636	1,816
Licence payments	346	853	-	-	346	853
Operating lease rentals						
- equipment & motor vehicles	521	591	-	-	521	591
- land and buildings	1,464	1,240	-	-	1,464	1,240
Income from sub-leases	(323)	(314)	-	-	(323)	(314)
Profit on disposal of property, plant and equipment	(21)	(29)	-	-	(21)	(29)
	94,556	88,396	-	841	94,556	89,237

Notes to the Group Financial Statements

For the year ended 31 December 2010

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.

	2010 £000	2009 £000
Audit of financial statements	49	48
Other fees		
Local statutory audits of subsidiaries	195	168
Other services pursuant to legalisation	17	17
Audit of the group pension schemes	4	4
Other services relating to taxation	116	183
All other services	16	17
	348	389

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	
	2010 £000	2009 £000	2010 £000	2009 £000	2010 £000	2009 £000
Wages and salaries	29,951	26,276	-	207	29,951	26,483
Social security costs	2,791	2,620	-	20	2,791	2,640
Other pension costs	1,131	1,197	-	-	1,131	1,197
	33,873	30,093	-	227	33,873	30,320

Included within wages and salaries is a charge of £395,000 (2009: charge of £82,000) and within social security costs £23,000 (2009: Nil) relating to the share-based payments.

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

	2010 No.	2009 No
Radio GB	372	372
Radio Ireland	276	273
Television	194	190
New Media	89	79
	931	914

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'.

Notes to the Group Financial Statements

For the year ended 31 December 2010

8. Finance revenue

	2010 £000	2009 £000
Bank interest received and receivable	76	89

9. Finance costs

	2010 £000	2009 £000
Bank loans and overdrafts	3,289	3,991
Net settlement on interest rate swap	1,471	1,857
Total finance costs	4,760	5,848

Notes to the Group Financial Statements

For the year ended 31 December 2010

10. Taxation

(a) Tax on profit on ordinary activities

	2010 £000	2009 £000
Current income tax:		
UK corporation tax on profits for the year	(922)	(482)
Adjustments in respect of previous years	(128)	470
	(1,050)	(12)
Foreign tax:		
ROI corporation tax on profits for the year	(539)	(376)
Adjustments in respect of previous years	(60)	(34)
	(599)	(410)
Total current tax	(1,649)	(422)
Deferred tax:		
Origination and reversal of timing differences	(3,442)	(3,348)
Adjustments in respect of previous years	425	232
Tax charge in the income statement on operating activities	(4,666)	(3,538)
Tax credit arising on exceptional costs	9,450	79
Exceptional deferred tax credit/(charge)	785	(1,561)
Total tax credit/(charge)	5,569	(5,020)
The tax credit/(charge) in the Income Statement is disclosed as:		
Tax credit/(charge) on continuing operations	5,569	(5,155)
Tax credit on discontinued operations	-	135
Tax credit/(charge) in the income statement	5,569	(5,020)
Tax relating to items in the Statement of Comprehensive Income		
Deferred tax:		
Actuarial (gain)/loss on pension schemes	(821)	917
Revaluation of cash flow hedges	(64)	(223)
Valuation of long term incentive plan	7	-
Tax (charge)/credit in the statement of comprehensive income	(878)	694

10. Taxation (continued)

(b) Factors affecting the tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 28% (2009: 28%). The differences are reconciled below:

	2010 £000	2009 £000
(Loss)/profit from continuing operations before tax	(13,905)	17,522
Loss from discontinued operations before tax	-	(755)
(Loss)/profit on ordinary activities	(13,905)	16,767
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009: 28%)	3,893	(4,695)
Effects of:		
Expenses not allowed for tax purposes	(55)	(25)
Utilisation of tax losses previously not recognised	69	322
Non-qualifying depreciation/amortisation	(28)	(28)
Lower taxes on overseas earnings	668	465
Tax overprovided in previous years	237	668
Exceptional costs not allowed for tax purposes	-	(166)
Exceptional deferred tax credit/(charge)	785	(1,561)
Tax credit/(charge) for the period	5,569	(5,020)

(c) Exceptional credit

During the year, 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, £9,450,000 was released from the deferred tax liability on the recognition of the impairment of intangible assets as outlined in note 15.

In 2009, the capital gains tax rate in the Republic of Ireland was revised from 22% to 25%. Accordingly all the deferred tax liabilities in respect of radio licences in the Republic of Ireland were restated to recognise the future gains thereon at this rate. This resulted in a net charge £1,561,000 in 2009.

(d) Future corporation tax rate changes

In the emergency budget in June 2010, changes in future corporation tax rates in the UK were proposed. To date only the revision to 27% from April 2011 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 27% at 31 December 2010. If the proposed corporation tax rate changes were to be fully approved and the tax rate reduced to 24% by 2014, the relevant deferred tax assets and liabilities would be restated accordingly resulting in a net exceptional credit of approximately £1,300,000.

(e) Unrecognised tax losses

The Group has tax losses which arose in the UK of £18,700,700 (2009: 20,500,000) 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.

Notes to the Group Financial Statements

For the year ended 31 December 2010

10. Taxation (continued)

(f) Temporary differences associated with group investments

At 31 December 2010, there was no recognised deferred tax liability (2009: £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 £3,057,000 (2009: £2,604,000). 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

	2010 £000	2009 £000
Valuation of intangible assets on acquisition	37,906	49,092
Accelerated capital allowances	510	488
Deferred tax liability	38,416	49,580

	2010 £000	2009 £000
Balance at 1 January	49,580	49,037
Credited to the income statement	22	(106)
Foreign exchange movement	(445)	(912)
Credited to the statement of comprehensive income	-	-
Released on impairment of intangible assets	(9,450)	-
Credit due to change in UK corporation tax rate	(1,291)	-
Charge due to change in ROI capital gains tax rate	-	1,561
Deferred tax liability	38,416	49,580

Notes to the Group Financial Statements

For the year ended 31 December 2010

10. Taxation (continued)

(g) Deferred tax (continued)

Deferred tax asset

	2010 £000	2009 £000
Pension liability	1,527	2,758
Valuation of interest rate swap	205	279
Decelerated capital allowances	634	632
Other temporary differences	1,158	1,359
Tax losses carried forward	6,352	9,227
Deferred tax asset	9,876	14,255

	2010 £000	2009 £000
Balance at 1 January	14,255	16,783
Charged to the income statement	(2,995)	(3,222)
Charged to the statement of comprehensive income	(878)	694
Change due to the change in UK corporation tax rate	(506)	-
Deferred tax asset	9,876	14,255

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

	2010 £000	2009 £000
Deferred tax in the income statement		
Accelerated capital allowances	(88)	(141)
Tax losses carried forward	(2,825)	(2,805)
Other temporary differences	(529)	(354)
Deferred income tax expense on operational activities	(3,442)	(3,300)
Adjustment in respect of previous years	425	232
Released on impairment of intangible assets	9,450	-
Exceptional deferred tax credit/(charge)	785	(1,561)
Total deferred tax credit/(charge)	7,218	(4,629)

Notes to the Group Financial Statements

For the year ended 31 December 2010

11. Discontinued operations

Within Radio GB, a number of local radio stations were sold or closed in prior periods. The results of discontinued operations for the period until closure or disposal included as discontinued operations in the Group Income Statement for 2009 are as follows:

	Results before exceptional items 2009 £000	Exceptional items 2009 £'000	Total 2009 £'000
Revenue	395	-	395
Operating cost	(841)	-	(841)
Operating loss	(446)	-	(446)
Non operational exceptional costs	-	(309)	(309)
Loss before tax from discontinued operations	(446)	(309)	(755)
Current tax credit	125	10	135
Loss from discontinued operations	(321)	(299)	(620)

In 2009 the cash flows of the discontinued operations resulted in a net cash outflow from operating cash flows of £449,000 which was included in the Group Cash Flow statement for 2009.

There was no impact from discontinued operations in either the Group Income Statement or Group Cash Flow for 2010.

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.

Notes to the Group Financial Statements

For the year ended 31 December 2010

12. Earnings per share (continued)

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

	2010			2009		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
	£000	£000	£000	£000	£000	£000
Net (loss)/profit attributable to equity holders	(8,753)	-	(8,753)	11,756	(620)	11,136
Exceptional items	24,765	-	24,765	2,056	299	2,355
Total adjusted and diluted profit attributable to equity holders	16,012	-	16,012	13,812	(321)	13,491

Weighted average number of shares

	2010 thousands	2009 thousands
Weighted average number of shares for basic and adjusted earnings per share (excluding treasury	95,403	95,403
Effect of dilution of the Long Term Incentive Plan	456	-
	95,859	95,403

Earnings per share

	2010	*2009*
From continuing and discontinued operations		
Basic and diluted	(9.17)p	11.67p
Adjusted	16.78p	14.15p
Diluted adjusted	16.70p	14.15p
From continuing operations		
Basic and diluted	(9.17)p	12.32p
Adjusted	16.78p	14.49p
Diluted adjusted	16.70p	14.49p
From discontinuing operations		
Basic and diluted	-	(0.65)p
Adjusted and diluted adjusted	-	(0.34)p

Notes to the Group Financial Statements

For the year ended 31 December 2010

13. Dividends

	2010 £000	2009 £000
Equity dividends on ordinary shares		
Declared and paid during the year		
Final for 2009: 2.00p (2008): 2.00p)	1,908	1,908
Interim for 2010: 1.00p (2009: 0.00p)	954	–
Dividends paid	2,862	1,908
Proposed for approval at Annual General Meeting		
(not recognised as a liability at 31 December)		
Final dividend for 2010: 3.00p (2009: 2.00p)	2,862	1,908

14. Property, plant and equipment

	Freehold land and buildings £000	Leasehold improvements £000	Equipment and vehicles £000	Total £000
Cost				
At 1 January 2009	8,391	1,894	20,464	30,749
Exchange adjustment	(130)	(100)	(425)	(655)
Additions	98	139	1,901	2,138
Disposals	–	(191)	(1,786)	(1,977)
At 31 December 2009	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
Depreciation and impairment				
At 1 January 2009	2,665	406	16,097	19,168
Exchange adjustment	(17)	(26)	(363)	(406)
Charge for this year	34	93	1,689	1,816
Disposals	–	(191)	(1,572)	(1,763)
At 31 December 2009	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
Net book value				
At 31 December 2010	5,601	1,368	3,726	10,695
At 31 December 2009	5,677	1,460	4,303	11,440
At 1 January 2009	5,726	1,488	4,367	11,581

At 31 December 2010 the Group had entered into Sterling contractual commitments for the acquisition of property, plant and equipment amounting to £323,000 (2009: £22,000).

15. Intangible assets

	Licences £000	Goodwill £000	Total £000
Cost			
At 1 January 2009	198,385	87,034	285,419
Acquisitions of subsidiaries	-	312	312
Exchange adjustment	(4,110)	(5,714)	(9,824)
At 31 December 2009	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
Impairment			
At 1 January and 31 December 2009	(13,400)	(1,477)	(14,877)
Charge in the year	(35,000)	-	(35,000)
At 31 December 2010	(48,400)	(1,477)	(49,877)
Net book value			
At 31 December 2010	144,094	77,762	221,856
At 31 December 2009	180,875	80,155	261,030
At 1 January 2009	184,985	85,557	270,542

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 an annual impairment testing.

The value of the intangibles is measured using discounted cash flow projections and the valuation model at 31 December 2010 indicated impairment on these assets amounting to £35,000,000 (2009: £Nil). This impairment relates entirely to Local Radio in GB and reflects the revision of the cash flow forecasts for this business 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.

Additions in 2009 represent the contingent consideration amounting to £301,000 on Tibus plus goodwill in Sport Magazine acquired by talkSPORT Limited. 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.

Notes to the Group Financial Statements
For the year ended 31 December 2010

16. Impairment of goodwill and intangible assets with indefinite lives

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 based on a value in use calculation using five year cash flow projections. The growth rate used beyond the five years is 2.25% (2009: 2.25%) being consistent with the long term average growth rate for the industry. The pre-tax discount rate applied to cash flow projections for the UK is 12.8% (2009: 11.4%) and for ROI is 11.8% (2009: 10.8%).

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

	talkSPORT		Local Radio		Radio Ireland		New Media		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Goodwill	-	-	446	446	69,789	72,264	7,527	7,445	77,762	80,155
Licences	48,024	48,024	46,083	81,083	49,987	51,768	-	-	144,094	180,875
	48,024	48,024	46,529	81,529	119,776	124,032	7,527	7,445	221,856	261,030

The licence for FM104 is included in Radio Ireland at a value of £40,205,000 (€47,000,000).

Key assumptions used in value in use calculations

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

- Discount rates
- Revenue growth

Discount rates

Discount rates reflect management's estimate of the Weighted Average Cost of Capital (WACC) required to assess operating performance in each business unit and to evaluate future capital investment proposals. The rate used in the calculations of the value in use for UK and ROI was 12.8% (2009: 11.4%) and 11.8% (2009: 10.8%) pre-tax respectively. This discount rate reflects the latest market projections for the risk-free rate, equity risk premium and small company premium and cost of debt appropriate to the industry.

Revenue forecast

Revenue forecasts are based on available market information. Current results reflect the present economic uncertainty and the resultant downturn in advertising revenue in both the UK and the Republic of Ireland. Projections reflect the expected turnaround in the market.

One of the critical assumptions for radio relate to advertising revenue. In Radio GB industry forecasts are predicting that the market will be up by 2% to 4% in 2011. In Ireland there are no market forecasts available but the assumption is that this market will not show further significant declines. The 2011 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 early growth.

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

Management forecasts assume that revenues in the local radio market will not return to the pre-recession performance until at least 2014 in Radio Ireland and 2015 for the Local Radio in GB. Based on this, and coupled with the discount rate, an impairment amounting to £35.0m has been recognised on the Local Radio assets in Radio GB.

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 retain its market share in 2011 and performance will be comparable to 2010. From 2012 through to 2015 it is forecasted to deliver 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.

Sensitivity to changes in assumptions

In assessing the recoverable amount and thus determining impairment charge for Local Radio, outlined in note 16, management have considered and accounted for reasonable possible changes in the above key assumptions. In respect of Radio Ireland, sensitivities were applied to the key assumptions used in determining the recoverable value. While it is believed that reasonable adverse changes to the revenue growth can be managed and mitigated internally, an increase in the 2010 discount rate to in excess of 12.4% could result in the estimated recoverable amount reducing by €10m and thus being less than the carrying value.

With regard to other units, management believes that no reasonable 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	2010 £000	2009 £000
Investment in associates accounted for using the equity method	172	137

This investment in the Group accounts comprises 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:

	2010 £000	2009 £000
Share of associates' balance sheet		
Non-current assets	11	14
Current assets	425	356
Share of gross assets	436	370
Current liabilities	264	233
Non-current liabilities	-	-
Share of gross liabilities	264	233
Share of net assets	172	137
Revenue	430	469
Profit after tax	216	213

Notes to the Group Financial Statements

For the year ended 31 December 2010

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 2010 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 Interactive Limited	Northern Ireland	* 100%	Interactive television show
UTV Internet Limited	Northern Ireland	100%	Internet service provider
The Internet Business Limited	Northern Ireland	* 100%	Web development
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%	Holding company
102.4 Wish Limited	England	* 100%	Non-trading
Wire FM (1997) Limited	England	* 100%	Commercial Radio
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

Notes to the Group Financial Statements

17. Investments (continued)

(c) Joint ventures

At 31 December 2010 there are two 50% joint venture companies, First Radio Sales and Propertypal.com Limited which was acquired on 1 September 2010. At 31 December 2009 there was one 50% joint venture company, First Radio Sales Limited. The revenue, expenditure, asset and liability information relating to the joint ventures proportionately consolidated in the Group accounts is disclosed below.

Attributable to joint ventures:	2010 £000	2009 £000
Revenue	1,074	947
Operating costs	(829)	(685)
Finance income	-	-
Profit before tax	245	262
Taxation	-	-
Profit for the year	245	262
Current assets	1,955	1,814
Current liabilities	1,840	1,635
Non-current liabilities	-	-

18. Derivatives

	2010 £000	2009 £000
Interest rate swaps	790	1,100

19. Inventories

	2010 £000	2009 £000
Programme and programme rights	1,714	1,456
Sundry stocks	27	13
	1,741	1,469

Notes to the Group Financial Statements

For the year ended 31 December 2010

20. Trade and other receivables

	2010 £000	2009 £000
Trade receivables	17,551	18,236
Other receivables	2,371	1,580
Prepayments and accrued income	8,258	11,962
	28,180	31,778

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 £2,354,000 at 31 December 2010 (2009: £2,545,000).

The ageing of net trade receivables are as follows:

	Total	Neither past due nor impaired	I-------Past due but not impaired--I		
			31-60 days	61-90 days	>91 days
	£000	£000	£000	£000	£000
2010	17,551	8,927	6,237	1,426	961
2009	18,236	11,299	4,480	1,235	1,222

Movements on the provision against trade receivables are as follows:

	2010 £000	2009 £000
Opening balance	2,545	2,243
Foreign exchange	(23)	(26)
Charge for the year	418	742
Utilised	(586)	(414)
Closing balance	2,354	2,545

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.

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21. Cash and short term deposits

	2010 £000	2009 £000
Cash at bank and in hand	3,080	4,289
Short term deposits	8,170	4,145
	11,250	8,434

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 £11,250,000 (2009: £8,434,000) for the Group.

22. Trade and other payables

	2010 £000	2009 £000
Trade payables	16,888	19,691
Other payables	1,418	1,065
Other taxation and social security	1,403	1,152
Accruals and deferred income	12,654	14,885
	32,363	36,793

23. Financial liabilities

	2010 £000	2009 £000
Current		
Current instalments due on bank loans	8,254	8,374
Non-current		
Non-current instalments due on bank loans	74,490	88,532
	82,744	96,906

There are three bank overdraft facilities in the Group with a £2.5 million limit in the UK and a €0.65 million in the ROI. These are secured by a floating charge over the Group's assets. The borrowings at 31 December 2010 are stated net of £419,000 (2009: £594,000) of deferred financing costs. The effective interest rate of the bank loans including the impact of interest rate swap agreements is 4.69% (2009: 4.91%).

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

	2010 £000	2009 £000
Senior facilities £55m 5 year amortising term loan "A"	42,500	47,500
Senior facilities £35m 5 year revolving credit loan "B"	15,000	17,000
Senior facilities €40m 5 year amortising term loan "C"	25,663	30,121
Senior facilities €5m 5 year revolving credit loan "D"	-	2,879
	83,163	97,500
Less current instalment on bank loans	(8,422)	(8,544)
	74,741	88,956

In November 2010 the Group signed an Amendment Agreement in respect to 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 facilities "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 £42.5m) 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.

Notes to the Group Financial Statements

For the year ended 31 December 2010

23. Financial liabilities (continued)

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.

The €40m 5 year amortising term loan facility "C" (current balance of €30m) 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. New fixed interest rate swap contracts were entered into by UTV to mitigate circa 60% of exposure in respect to the interest costs of the Groups borrowing facilities.

The applicable margins contracted on the financial liabilities in the current financial year range from 1.85% to 3.75% 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
1.85%	1 January 2010	30 March 2010
2.65%	31 March 2010	29 September 2010
2.45%	30 September 2010	31 December 2010

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 the 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:

	2010 £000	2009 £000
Not later than one year	1,554	1,623
After one year but not more than five years	3,852	3,621
After five years	4,220	4,472
	9,626	9,716

25. Provisions

	Onerous leases £000	Dilapidation £000	Total £000
At 1 January 2010			
- Current	130	319	449
- Non-current	387	673	1,060
	517	992	1,509
Utilised	(134)	(58)	(192)
Arising during the year	-	81	81
At 31 December 2010	383	1,015	1,398
Analysed as:			
- Current	72	356	428
- Non-current	311	659	970
	383	1,015	1,398

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 12 years outstanding.

26. Share based payments

(a) Share Options

During 1999 the Company put in place a share option scheme to incentivise employees. Options on 1,128,157 ordinary shares were awarded during 1999 at an exercise price of £1.81 (market price at the date of grant of £1.97 restated to reflect the impact of the 2 for 3 rights issue of ordinary shares in July 2008) and options on 95,470 ordinary shares were awarded during 2001 at an exercise price of £2.51 (market price at date of grant of £2.73 restated to reflect the impact of the 2 for 3 rights issues of ordinary shares in July 2008).

Option holders could only exercise the options granted to them if they held a certain level of shareholding in the Company throughout the option period and subject to performance criteria based on increasing profits and cash flows in the option period over that achieved in the year ended 31 December 1998. These performance criteria were satisfied and all of the options became exercisable in the period from 1 April 2003 to 28 April 2009. At the beginning of the year 772,517 options in respect of the 1999 award and 103,660 options in respect of the 2001 award were outstanding. The outstanding options were restated to reflect the impact of the 2 for 3 rights issue of ordinary shares in July 2008.

All options lapsed on 28 April 2009. No further options are capable of being made under this scheme.

Notes to the Group Financial Statements

For the year ended 31 December 2010

26. Share based payments (continued)

(b) Long term incentive plan

The Company currently has a long term incentive plan for certain UTV senior executives. During 2007, 2008, 2009 and 2010 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	2010 No.	2009 No.
31 December 2009	391.28p	-	272,364
31 December 2010	234.81p	552,837	552,837
31 December 2011	58.25p	2,609,080	2,609,080
31 December 2012	117.75p	1,217,955	-

The awards granted in 2007 with an end qualifying date of 31 December 2009 expired during the financial year. No awards were exercised during the financial year.

The awards and related market prices for the awards granted in 2007 and 2008 have been restated to reflect the 2 for 3 rights issue of ordinary shares in July 2008.

Awards granted in 2008

The performance criteria attached to the awards granted in 2008 are based on the growth in diluted adjusted earnings per share (EPS) in excess of the Retail Price Index (RPI) over the three year period from the commencement of the financial year in which the awards were granted. The amount of the award that vests to each senior executive increases in accordance with the level of performance achieved, with no award vesting until the Company's total EPS growth over the three years from the commencement of the financial year in which the awards were granted exceeds RPI by 9%. If this level of EPS growth is achieved, 25% of the award will vest. Additional vesting on a straight line basis will be achieved for further growth above this up to the maximum of 100% for EPS growth in excess of RPI of 24%.

No award will vest if the Company's EPS growth over the three year period from the commencement of the financial year in which the awards were granted is negative. Based on current market forecasts, it is not expected that the 2008 EPS performance criteria will be achieved to satisfy the vesting of these awards and therefore no charge has been made to the accounts (2009: £nil).

Given the performance criteria of the 2008 award the fair value of each award equated to the market share price at the date of grant of 234.81p.

Awards granted in 2009 and 2010

These awards have two performance conditions applied:

- For the 2009 award 25% and for the 2010 award 50% 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% and for the 2010 award 50% 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. 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. 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 EPS performance criteria will be achieved to satisfy the vesting of these awards and therefore no charge has been made to the accounts (2009: £nil). However, it is expected that the 2010 EPS performance criteria will be achieved in full and therefore a charge of £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.

	2010	2009
Dividend Yield (%)	0	0
Expected share price volatility (%)	32.1	24.8
Risk-free interest rate (%)	1.82	1.7
Expected life of options (years)	3	3
Share price (p)	117.75	58.25
Fair value derived (p)	70.10	16.78

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 £216,000 (2009: £82,000). Based on the interim performance monitoring at 31 December 2010 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.

Notes to the Group Financial Statements

For the year ended 31 December 2010

27. Authorised and issued share capital

	Authorised		Allotted, issued and fully paid	
	2010	2009	2010	2009
	£000	£000	£000	£000
Ordinary shares of 5p each (2009: 5p each)	10,000	10,000	4,795	4,795
Redeemable preference shares of £1 each (2009: £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 2009 and 2010	200,000	10,000	95,903	4,795

Redeemable preference share capital

	Number thousands	Issued nominal value £000
At 31 December 2009 and 2010	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 £0.05p 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 2010 the Group held 499,999 (2009: 499,999) of its own shares at an average cost of £2.52 (2009: £2.52). The market value of these shares at 31 December 2010 was £684,000 (2009: £490,000)

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 2010 and 31 December 2009. 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 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 2010, after taking into account the effect of interest rate swaps, 42.8% (2009: 47.1%) 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 4.8% (2009: 5.7%) of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst almost 4.7% (2009: 5.8%) 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 rate. 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 to 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	
	2010	2009	2010	2009
	£000	£000	£000	£000
Financial assets				
Cash and short term deposits	11,250	8,434	11,250	8,434
Financial liabilities				
Interest-bearing loans and borrowings	82,744	96,906	82,744	96,906
Interest rate swap	790	1,100	790	1,100
	83,534	98,006	83,534	98,006

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 2010.

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 2009 and 2010 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.

Notes to the Group Financial Statements

For the year ended 31 December 2010

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 less volatility in the financial markets and the slow turnaround in the economy, the 2010 analysis considers only the impact of a rise in interest rates as a decrease in rates is not considered to be reasonably possible.

	Increase/ decrease in basis points	Effect on profit before tax
2010		
Sterling	+50	(102)
Euro	+50	(89)
2009		
Sterling	+50	(103)
Euro	+50	(128)
Sterling	-25	52
Euro	-25	64

(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). The 2010 analysis below reflects a more stable exchange rate in 2010 compared to 2009, due to less volatility in the financial markets.

	Increase/ decrease in Euro rate	Effect on profit before tax £000
2010		
Euro	+2%	(25)
	-2%	26
2009		
Euro	+4%	(48)
	-8%	108

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 2010 and 2009 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 2010						
Interest bearing loans and borrowings	-	832	10,926	88,710	-	100,468
Trade and other payables	656	14,240	15,615	427	-	30,938
Interest rate swap	-	159	309	412	-	880
	656	15,231	26,850	89,549	-	132,286

	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 2009						
Interest bearing loans and borrowings	-	1,214	11,622	106,489	-	119,325
Trade and other payables	1,598	14,838	18,735	448	-	35,619
Interest rate swap	-	558	561	-	-	1,119
	1,598	16,610	30,918	106,937	-	156,063

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 2009 and 2010 is disclosed in note 21 and is available either on demand or within 3 months.

(g) Hedging activities

At 31 December 2010 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 £1,167,000 (2009: £1,019,000) directly in equity and a charge in the finance cost line of £1,471,000 (2009: £1,857,000 credit) 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 £735,000 (2009: liability of £915,000). These swaps are designated as a hedge of 62.1% of the expected floating rate interest payments expected to arise in the period to 30 June 2013 on £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 £37.2m notional sum subject to a repayment schedule in line with the original £95m facilities bank loan. At 31 December 2010 the notional sum is £35,700,000 (2009: £47,500,000).

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 £55,000 (2009: liability of £185,000). These swaps are designated as a hedge of 40% of the expected floating rate interest payments expected to arise in the period to 30 June 2013 on the €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 €12,800,000 notional sum subject to a repayment schedule in line with the €35m senior facilities euro bank term loan. At 31 December 2010 the notional sum is €12,000,000 (2009: €12,092,000).

30. Pensions and other post retirement benefits

The Group operates a defined benefit pension scheme in Northern Ireland ('The UTV Scheme'). In previous years the Group also operated a defined benefit pension scheme in England ('The Radio Partnership Plan'), but with effect from the 31 December 2009 The Radio Partnership Plan was merged into 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:

	2010	2009
	£000	£000
Equities	54,931	48,395
Bonds	15,662	12,737
Cash	213	260
Fair value of scheme assets	70,806	61,392
Present value of scheme liabilities	(77,606)	(72,391)
Deficit in the scheme	(6,800)	(10,999)

Notes to the Group Financial Statements

For the year ended 31 December 2010

30. Pensions and other post retirement benefits (continued)

The amounts recognised in the Group income statement and in the Group statement of recognised income and expense for the year are analysed as follows:

Year ended 31 December 2010	UTV Scheme £000	Radio Partnership Plan £000	Total £000
Recognised in the Income Statement			
Current service cost	(897)	-	(897)
Expected return on scheme assets	4,302	-	4,302
Interest cost on scheme liabilities	(4,067)	-	(4,067)
Recognised in arriving at operating profit	(662)	-	(662)
Recognised in the Statement of Comprehensive Income			
Actual return on scheme assets	9,944	-	9,944
Less: expected return on scheme assets	(4,302)	-	(4,302)
	5,642	-	5,642
Other actuarial losses	(2,599)	-	(2,599)
Actuarial gain recognised in the statement of comprehensive income	3,043	-	3,043

Year ended 31 December 2009	UTV Scheme £000	Radio Partnership Plan £000	Total £000
Recognised in the Income Statement			
Current service cost	(659)	(30)	(689)
Expected return on scheme assets	3,355	57	3,412
Interest cost on scheme liabilities	(3,639)	(77)	(3,716)
Effect of curtailments	172	-	172
Recognised in arriving at operating profit	(771)	(50)	(821)
Recognised in the Statement of Comprehensive Income			
Actual return on scheme assets	10,817	163	10,980
Less: expected return on scheme assets	(3,355)	(57)	(3,412)
	7,462	106	7,568
Other actuarial losses	(10,442)	(400)	(10,842)
Actuarial loss recognised in the statement of comprehensive income	(2,980)	(294)	(3,274)

30. Pensions and other post retirement benefits (continued)

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.

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.

		UTV Scheme	Radio Partnership Plan
	31 December 2010	31 December 2009	31 December 2009
Assumptions			
Rate of general increase in salaries	3.85%	4.10%	4.10%
Pension in payment increase	3.35%	3.60%	3.60%
Expected long term return on assets	6.77%	7.10%	6.05%
Discount rate for scheme liabilities	5.40%	5.70%	5.70%
Inflation	3.35%	3.60%	3.60%
Expected return on scheme assets			
- Equities	7.35%	7.66%	7.66%
- Bonds	4.80%	5.04%	5.04%
- Cash	0.50%	0.50%	0.50%
Assumed life expectancy for a 65 year old			
- Male: pensioner	20.95	20.32	20.32
- Female: pensioner	24.09	23.17	23.17
- Male: non-pensioner	23.18	21.30	21.30
- Female: non-pensioner	26.52	24.08	24.08

Notes to the Group Financial Statements

For the year ended 31 December 2010

30. Pensions and other post retirement benefits (continued)

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

	UTV Scheme £000	Radio Partnership Plan £000	Total £000
At 1 January 2009	(59,080)	(1,229)	(60,309)
Service cost	(659)	(30)	(689)
Members contributions	(299)	-	(299)
Benefits paid	3,279	13	3,292
Interest cost on scheme liabilities	(3,639)	(77)	(3,716)
Actuarial gains and losses	(10,442)	(400)	(10,842)
Curtailments	172	-	172
Transfer to UTV Scheme	(1,723)	1,723	-
At 31 December 2009	(72,391)	-	(72,391)
Service cost	(897)	-	(897)
Members contributions	(272)	-	(272)
Benefits paid	2,620	-	2,620
Interest cost on scheme liabilities	(4,067)	-	(4,067)
Actuarial gains and losses	(2,599)	-	(2,599)
At 31 December 2010	(77,606)	-	(77,606)

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

	UTV Scheme £000	Radio Partnership Plan £000	Total £000
At 1 January 2009	50,758	959	51,717
Expected return on scheme assets	3,355	57	3,412
Employer contribution	1,595	93	1,688
Members contribution	299	-	299
Benefits paid	(3,279)	(13)	(3,292)
Actuarial gains and losses	7,462	106	7,568
Transfer to UTV Scheme	1,202	(1,202)	-
At 31 December 2009	61,392	-	61,392
Expected return on scheme assets	4,302	-	4,302
Employer contribution	1,818	-	1,818
Members contribution	272	-	272
Benefits paid	(2,620)	-	(2,620)
Actuarial gains and losses	5,642	-	5,642
At 31 December 2010	70,806	-	70,806

Notes to the Group Financial Statements

For the year ended 31 December 2010

30. Pensions and other post retirement benefits (continued)

History of experience gains and losses

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
UTV Pension Scheme					
Fair value of scheme assets	70,806	61,392	50,758	63,759	60,470
Present value of defined benefit obligation	(77,606)	(72,391)	(59,081)	(65,228)	(63,964)
Deficit in the scheme	(6,800)	(10,999)	(8,323)	(1,469)	(3,494)
Experience adjustments arising on plan liabilities	466	555	1,356	(511)	(257)
Experience adjustments arising on plan assets	5,642	7,568	(17,343)	(78)	2,367

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
Radio Partnership Plan					
Fair value of scheme assets	-	-	959	1,004	910
Present value of defined benefit obligation	-	-	(1,229)	(1,396)	(1,398)
Deficit in the scheme	-	-	(270)	(392)	(488)
Experience adjustments arising on plan liabilities	-	-	-	-	81
Experience adjustments arising on plan assets	-	-	(184)	9	13

The defined benefit obligation comprises £5,679,000 (2009: £10,241,000) from plans that are wholly or partly funded and £1,121,000 (2009: £758,000) 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 £2,776,000 of losses (2008: £5,819,000 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 £561,000 (2009: £562,000). In 2010 the Group made additional funding towards the actuarial deficit on the UTV scheme amounting to £1,181,000 (2009: £950,000). 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 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 £412,000 (2009: £376,000).

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% (2009: 0.5%) the impact on the scheme liabilities could be a decrease of 6.9% (2009: 7.3%) or an increase of 7.7% (2009: 8.1%). However movements in this sensitivity could result in other offsetting factors such as salary inflation.

Notes to the Group Financial Statements

For the year ended 31 December 2010

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.

	2010 £000	2009 £000
Sales to associated companies	475	625
Amounts owed by associated companies	-	57
Charges from joint ventures	558	481
Amounts owed by joint ventures	1,160	1,114
Amounts owed to joint ventures	191	179

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

	2010 £000	2009 £000
Short-term employee benefits	2,338	1,465
Post employment benefits	315	261
Share-based payments	418	82
	3,071	1,808

32. Capital commitments

	2010 *£000*	*2009* *£000*
Plant, property and equipment		
Contracted for and not provided for in the accounts	323	22

At 31 December 2010 capital commitments of £nil (2009: nil) were entered into by the Group's joint venture.

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

The Directors are responsible for preparing the Annual 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). The financial statements are required by law to 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 proper accounting records which 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

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 2010 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 93, 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.

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 2010;
- 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 2010.

David Graham Galbraith (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
31 March 2011

Company Balance Sheet

At 31 December 2010

	Notes	2010 £000	2009 £000
Fixed assets			
Investments	3	251,867	215,688
Current assets			
Debtors: amounts due within one year	4	7,233	2,439
Debtors: amounts falling due after one year	5	20,949	20,949
Cash at bank and in hand		18	17
		28,200	23,405
Creditors: amounts falling due within one year	6	(111,748)	(100,771)
Net current liabilities		(83,548)	(77,366)
Total assets less current liabilities		168,319	138,322
NET ASSETS		168,319	138,322
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	112,712	82,715
EQUITY SHAREHOLDERS FUNDS		168,319	138,322

The financial statements were approved by the Board of Directors and authorised for issue on 31 March 2011. They were signed on its behalf by:

John McCann
Norman McKeown } Directors

Notes to the Company Financial Statements

For the year ended 31 December 2010

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.

2. Accounting policies (continued)

Share based payments (continued)

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.

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 2010	297,493
Additions	36,179
At 31 December 2010	333,672
Impairment	
At 1 January and 31 December 2010	81,805
Net book value	
At 31 December 2010	251,867
At 31 December 2009	215,688

During the year additional shares were issued in UTV Radio (ROI) Ltd, increasing the existing investment from £1 to £35,679,000. The shares were issued as settlement of an intercompany loan from UTV Media plc to UTV Radio (ROI) Ltd.

Additions also include the cost of long term incentive share scheme under which it makes equity-settled share-based payments to eligible employees of subsidiary undertakings, totalling £500,000.

A list of the key subsidiary companies held by UTV Media plc is recorded in the Group accounts under note 17.

Notes to the Company Financial Statements

For the year ended 31 December 2010

4. Debtors: amounts due within one year

	2010 £000	2009 £000
Amounts due from group undertakings	7,233	2,439

5. Debtors: amounts falling due after more than one year

	2010 £000	2009 £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

	2010 £000	2009 £000
Accruals	91	325
Amounts owed to group undertakings	111,657	100,446
	111,748	100,771

7. Authorised and issued share capital

Ordinary share capital	Number thousands	Authorised nominal value £000	Issued Number thousands	Issued nominal value £000
At 31 December 2009 and 2010	200,000	10,000	95,903	4,795

Redeemable preference share capital	Number thousands	Authorised nominal value £000	Issued Number thousands	Issued nominal value £000
At 31 December 2009 and 2010	50	50	-	-

At 31 December 2010 the Group held 499,999 (2009: 499,999) of its own shares at an average cost of £2.52 (2009: £2.52). The market value of these shares at 31 December 2010 was £684,000 (2009: £490,000).

Notes to the Company Financial Statements

For the year ended 31 December 2010

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 2009	4,795	50	50,762	174,988	230,595
Loss for the period	-	-	-	(90,365)	(90,365)
Dividends paid	-	-	-	(1,908)	(1,908)
Balance at 31 December 2009	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

9. Related party transactions

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other 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

Registered Office

Ormeau Road
Belfast
BT7 1EB

Registered Number: NI 065086
Company Secretary: N McKeown BSc (Econ) FCA

Internet Address

www.utvmedia.com

Auditors

Ernst & Young LLP
16 Bedford Street
Belfast BT2 7DT

Bankers

First Trust Bank
35 University Road
Belfast BT7 1ND

Bank of Ireland
1 Donegall Square South
Belfast BT1 1RH

Solicitors

G L MacLaine & Co
13 Lombard Street
Belfast BT1 1RH

Travers Smith
10 Snow Hill
London EC1A 2AL

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2

A&L Goodbody
42-46 Fountain Street
Belfast BT1 5EB

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE

Brokers and financial advisers

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London EC4M 7LT

Goodbody Corporate Finance
Ballsbridge Park
Ballsbridge
Dublin 4