UTV Media plc
Report and Accounts 2009

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Summary of Results

John B McGuckian
Chairman

Financial highlights on continuing operations

- Group revenue down by 6% to £112.1m (2008: £119.7m)
- Group operating profit is £23.7m (2008: £28.3m)
- Pre-tax profits before exceptional items of £18.1m (2008: £20.7m)
- 18% reduction in net debt from £107.6m to £88.5m
- Annualised cost savings of £6.0m achieved in 2009
- Net finance costs down 29% to £5.8m (2008: £8.1m)
- Exceptional costs before tax of £0.6m (2007: £4.5m)
- Proposed final dividend of 2.00p (2008: 2.00p) resulting in a full year dividend of 2.00p (2008: 5.30p)

Operational highlights and prospects

- Continuing strong audience delivery across both Radio and Television
- GB Radio and Television revenue have turned positive in the first four months of 2010, whilst the rate of decline in Irish Radio has slowed
- GB Radio expanded by the acquisition of Sport magazine which complements the strong sports-led offering to advertisers
- Valley Radio and Central Radio, which accounted for £0.6m of loss from discontinued operations, were disposed of during the year
- Subsequent to the year end, greater operational flexibility has been facilitated by the renegotiation of key banking covenants at favourable market rates

John McCann, Group Chief Executive, UTV Media plc, said:
"The current, prolonged downturn is unprecedented. Despite that, I believe today's results demonstrate the robustness of UTV Media. They are also testament to the hard work in very difficult conditions of everyone in the company. I am particularly pleased that throughout the difficulties we have been able to significantly improve our capital position. The reduction in net debt by 18% and cost savings ahead of target, mean that the company is in a strong position to tackle the new financial year. I am acutely aware that any recovery is very fragile, but I am pleased that we have seen some improvements in the advertising market so far this year."

Key Dates

- 18 May 2010 – date of Annual General Meeting
- 28 May 2010 – record date for payment of dividends
- 15 July 2010 – payment of dividends

Chairman's Statement


UTV Board of Directors

"Your company responded to the unprecedented downturn in advertising revenue across the media sector by disposing of loss making activities, restructuring various parts of the business, imposing a general pay freeze and further tightening cost control."

Introduction

The strong underlying performance of your company in the severest recession in a generation is evident in this report. Your company responded to the unprecedented downturn in advertising revenue across the media sector by disposing of loss making activities, restructuring various parts of the business, imposing a general pay freeze and further tightening cost control. This delivered group operating profit of £23.7m (2008: £28.3m) Strong cash flow and strict working capital management also proved very effective, with net debt being substantially reduced by £19.1m to £88.5m (2008: £107.6m). Overall, and in the context of the most challenging market conditions we have experienced, your company emerged from 2009 with pre-tax profits before exceptional items from continuing operations of £18.1m (2008: £20.7m).

Results from continuing operations

Group revenue, from continuing operations, was £112.1m (2008: £119.7m). Within this, the effect of acquisitions boosted turnover by £3.9m, while foreign exchange movements added £2.2m.

Continuing group operating profit, including associates, before exceptional items, was £24.0m (2008: £28.6m), with radio operating profit of £16.7m (2008: £18.9m) accounting for 70% of the total. Television operating profit declined to £5.3m (2008: £7.7m) and new media operating profit was maintained at £2.0m.

Net interest and finance charges were significantly lower at £5.8m (2008: £8.1m), and we incurred a small loss on foreign exchange of £0.1m (2008: Gain £0.3m). Pre-tax exceptional costs on continuing operations of £0.6m (2008: £4.5m) comprised restructuring costs in GB radio and television and our share of business closure costs in radio Ireland.

Dividend

Your Board has reviewed dividend policy in light of changed credit conditions and the economic downturn. A key priority is to realign the group financial structure with new market norms and, consequently, to further reduce net debt. We recommend, therefore, a dividend of 2.00p (2008: 5.30p) for the year, which would allow most of the cash flow generated from operations to be utilised in paying down borrowings. The dividend will be paid on 15 July 2010 to all shareholders on the Register at the close of business on 28 May 2010.

Radio

Revenue from continuing radio operations was £68.0m (2008: £70.2m), representing more than 60% of group turnover. Of that amount, £43.2m (2008: £45.3m) was generated in our GB Radio division and £24.8m (2008: £24.9m) was derived from our Irish radio operations.

With the continued deterioration of the advertising markets, we implemented a further cost reduction plan which resulted in some redundancies and a reappraisal of all expenditure. We also adopted a robust approach to radio stations which could not be brought to profitability within a reasonable timeframe and as a result we disposed of Valleys Radio and Central Radio in our GB Radio division. By contrast, we saw an opportunity to generate profits within such a timeframe and to complement our already strong sports-led offering to advertisers by acquiring the loss-making Sport magazine for a nominal sum. This publication was quickly integrated into our existing sales operation, its cost base was significantly reduced and revenue of £1.8m was generated during the period. As we forecast in our business plan for the magazine, it made a small loss in the period of £0.3m. Overall, our GB Radio division delivered operating profit of £9.4m (2008: £10.6m). On a like for like basis, advertising revenue from our GB radio division was down by 8%.

Market conditions were also difficult in the Irish radio market. Revenue of £24.8m was maintained with the favourable impact of foreign exchange movements accounting for £2.2m and the full year effect of the acquisition of FM104 in April 2008, accounting for an additional £1.9m of revenue. Excluding these elements, Irish radio advertising revenue was down by 16% on a like for like basis. Cost reduction was also a key feature of our radio business in Ireland, mitigating the revenue downturn and contributing to an operating profit of £7.0m (2008: £8.0m).

Chairman's Statement

Television

Conditions in the television market were difficult with turnover for this division down by £5.5m to £32.5m (2008: £38.0m). The Dublin market place was particularly challenging with our television advertising revenue from there falling 33%. Again, a focus on cost control mitigated much of this downturn, but television operating profit still dropped by £2.4m to £5.3m (2008: £7.7m).

"I referred in last year's Report to the cost-cutting plan which we were implementing to counter the impact of the recession. This was executed across the group in 2009 and in total we achieved cost savings of over £6.0m in the year under review."

New Media

Our new media division was not immune to the effects of the recession but delivered a very satisfactory outcome. The higher margin business of web development and business internet services helped to offset some of the competitive pricing issues in broadband and telephony. Both turnover and operating profit were maintained at £11.5m and £2.0m respectively.

Cost reduction programme

I referred in last year's Report to the cost-cutting plan which we were implementing to counter the impact of the recession. This was executed across the group in 2009 and in total we achieved cost savings of over £6.0m in the year under review.

Financing

Despite reduced profits, we achieved debt reduction of £19.1m (18%) during the year. We also confidently managed tightening debt covenants, although operational flexibility was sometimes constrained by this. Our budgets indicate further debt reduction in 2010 and continuing compliance with tighter covenants. However, to ensure optimal operational flexibility we have agreed terms with our banks for the continuation of covenants at current levels for 2010 and thereafter on the original reducing basis, deferred by one year. This is in return for a modest increase in interest margin up to a maximum of 2.85%, ratcheting downwards, which your Board believes is an attractive rate in the current market.

Prospects

The macroeconomic environment continues to be of concern and recovery may be fragile. Uncertainty in the economy impacts negatively on advertisers' expenditure commitments and hence, the advertising market remains very short term.

However, trading in the first few weeks of 2010 has been more encouraging with the UK television market, in particular, showing some signs of improvement. We have shared in this improvement, but continuing weakness in the Irish market has affected the overall performance of our television advertising revenue which, nevertheless, is expected to be up by 2% in the first four months. Softer comparatives in the second and third quarter, combined with the positive impact of the World Cup should provide some momentum in the next six months, though visibility on this is limited.

Greater confidence can be attached to revenue forecasts for talkSPORT in a World Cup year. Already, talkSPORT appears to be gaining some advertising and sponsorship traction and in the first four months of 2010 is expected to achieve revenue growth of 16%. talkSPORT was also successful recently in winning two exclusive Premier League broadcast rights packages and these, coupled with the World Cup and record audience figures, should ensure a stronger revenue performance in the year ahead.

The revenue decline in our local radio stations in Great Britain slowed considerably in the first few weeks of 2010, and the first four months is expected to be down by 3%. Again, softer comparatives and any improvement in the wider economy should prove to be positive for our stations during the rest of the year.

Revenue from Sport magazine is expected to have doubled in the first four months and the publication is now achieving profit targets. Overall, revenue in our GB radio division is forecast to be up by 6% on a like for like basis in the first few months of 2010.

Our Irish radio division experienced a slower rate of decline in turnover in the early weeks of 2010 and is expected to record a revenue reduction of 6% in the first four months.

Revenue in our new media division has held up reasonably well in the first four months and is trading broadly in line with the previous year.

People

The severity of the recession has put enormous pressures on management and staff across the group. Redundancies, pay freezes and general cost cutting have been painful and it is to the credit of all concerned that the group has weathered the economic storm so well. I wish to thank the Board, management and staff for their continuing efforts to maintain the success of the company.

John B McGuckian
Chairman
13 April 2010

Business Review

John McCann
Group Chief Executive

"talkSPORT continued its record of growth with total weekly listening hours reaching over 20m, an increase of 14% on 2008. The station exceeded market expectations with a revenue decline of 10% compared to falls in the wider national radio advertising market of 11%."

Radio GB

In a radio advertising market which was down by 9%, revenue in our radio division in GB was down by 5% to £43.2m (2008: £45.3m). The addition of Sport magazine contributed £1.8m resulting in a like for like decline of 8%. Tight cost control mitigated the impact of the revenue decline with the division delivering an operating profit of £9.4m (2008: £10.6m).

talkSPORT

talkSPORT continued its record of growth with total weekly listening hours reaching over 20m, an increase of 14% on 2008. The station exceeded market expectations with a revenue decline of 10% compared to falls in the wider national radio advertising market of 11%.

These successes reflected our continuing investment in programming talent and sports rights. In 2009, listeners enjoyed the fruits of this investment reflected in talkSPORT's strong presenting line-up, as well as live coverage of Premier League football and England's triumphant Ashes Series.

talkSPORT's strong performance reflects the distinctiveness of its audience and our successful exploitation of speech radio's potential for integrated sponsorship and promotions activity. Around three-quarters of talkSPORT's listeners are male and over half are from the sought-after ABC1 demographic.

In order to build on the existing success of the talkSPORT digital magazine the Group moved into the growing free-sheet market with the addition of Sport magazine in June 2009, the UK's second most popular men's title. Sport magazine was integrated with talkSPORT under the umbrella of UTV Pitch, a new cross-platform sports media sales house. UTV Pitch further strengthens our attractiveness to advertisers and sponsors with opportunities across radio, print and online.

talkSPORT's success was recognised during 2009 with a Media Week award for 'Brand of the Year' as well as several awards at the 2009 Arquiva Commercial Radio Awards. talkSPORT was named 'Station of the Year' and 'National Sales Team of the Year' for the second time in three years.

Local radio

Our 13 local radio stations throughout England and Wales outperformed the market in 2009, with revenue falling by 7%. Listenership figures remained constant on a like for like basis, with 1.2 million listeners tuning in for a total of 10.7m hours per week and the stations in Stoke, Chesterfield, Blackpool, Swansea and Warrington consolidating their positions as the leading stations in their markets.

During the year, decisive action was taken to position the ILRs for future growth. This involved the restructuring of the management team and placing increased focus on maximising revenue generation and cost efficiencies. Shared functions have been consolidated at the new divisional head office at Birchwood Park and stations in Bolton, Wigan and Warrington have been co-located. Following a performance review Central Radio and Valleys Radio were put up for sale and closed respectively.

Throughout 2009, Radio GB engaged the government about proposals to deliver digital switchover for large radio stations. Our interventions highlighted the over optimistic view of the proposed 2015 date and the negative impact on local radio. The Group remains determined to work with the wider radio industry in tackling these issues and is committed to the seven DAB digital radio multiplexes in which we hold interests across England, Wales and Scotland. Radio GB is also part of a consortium which plans to launch a DAB multiplex for Wrexham and Chester in 2010.

Our national radio sales house First Radio Sales Ltd (FRS), which is jointly owned with UKRD Group, represents 118 radio stations across the UK, of which over 30 are commercial leaders in their broadcast areas.

Radio Ireland

Revenue in our radio division in Ireland fell slightly to £24.8m (2008: £24.9m). After adjusting for acquisitions and foreign currency fluctuations there was a like for like decline of 16% which we believe substantially outperformed the market. With operating costs reduced by 11% on a like for like basis the division delivered an operating profit of £7.0m (2008: £8.0m).

Business Review

UTV Media plc Chairman John B McGuckian, and Group Chief Executive John McCann celebrating UTV's 50th birthday at the company's Belfast headquarters on 31 October 2009.

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

The creation of our new Radio Ireland headquarters at Macken House has facilitated the co-location of our two Dublin radio stations and our national radio and television sales teams. This has resulted in cost synergies plus sales and programming efficiencies.
The acquisition of FM104 in 2008 provided Radio Ireland with the final piece in establishing a national sales alternative. This was launched in February 2009 as "Urban Access" and comprises the UTV owned stations plus 2 independent stations. By the end of 2009 this sales proposition had a daily national reach of 885,000 or 25% of the national adult population. This compares very favourably with the national stations, RTE 1 (26%), 2FM (15%), TodayFM (15%) and Newstalk (8%). The new package has been very well received by the advertising community and has greatly assisted in attracting national monies that each station could not command on an individual basis.

"The acquisition of FM104 in 2008 provided Radio Ireland with the final piece in establishing a national sales alternative. This was launched in February 2009 as "Urban Access".

The programming output of each station continued to be developed to meet the unique requirements of listeners in our broadcasting areas. All stations currently provide a mix of music, news, special interest and speech based programming with the focus of each being to tailor its output for the local area it serves.

While we have strengthened all aspects of our output, significant changes were made to current affairs shows on both Limerick's Live 95FM and Q102.

With the demise of Independent Network News we also established our own national news service based primarily on our existing Dublin based news rooms. The news service, UTV Radio News, now provides national and international news to all Group stations.

Cork's 96FM, Limerick's Live 95FM, LMFM in Louth/Meath and FM104 in Dublin all consolidated their market leading positions in key urban areas with market shares of 45%, 35%, 28% and 11% respectively. The improved performance of both U105 in Belfast and Q102 in Dublin also continued during the year. U105's weekly reach increased from 108,000 to 136,000 during 2009, making it the second most listened to commercial station in its transmission area. Q102 again improved its market share from 7% to 9% during the year, making it the number 1 commercial station in the highly competitive 35+ Dublin market.

Television

Revenue in our television division was down by 16% which underperformed ITV Networks 12% fall and the markets 11% fall. Revenue from the Republic of Ireland fell by 33%, accounting for the underperformance. Tight cost control offset some of the revenue downturn with the division delivering an operating profit of £5.3m (2008: £7.7m).

UTV celebrated 50 years as the Channel 3 licence holder in Northern Ireland in October 2009, with a series of programmes and events marking the occasion.

Through continued efforts to deliver quality programmes through a mix of regionally produced programmes and network acquired programmes, we ensured strong viewership levels for UTV and continued to be the leading television channel in the region. In 2009 our peak time share was 28.6%, some 51% higher than BBC Northern Ireland and almost 4 times higher than C4, the next largest commercial channel. UTV is also available in 87% of homes in the Republic of Ireland through terrestrial overspill and cable re-transmission, where its position as the fourth most watched television channel confirms its status as an all-Ireland television broadcaster.

Digital viewing in Northern Ireland increased to 80.5% at year end compared to 70.5% at the previous year end. Digital viewing provides more choice of channels to viewers so it is extremely rewarding to witness continued strong viewing to UTV.

From 1 January 2010 the BARB panel which measures viewing to television in Northern Ireland was adjusted to more accurately reflect the population demographics of our region.

The effect of this change in the first few months of 2010 was an increase in commercial impacts to UTV of 15%. This is very encouraging as it provides more inventory for our advertisers.

Business Review

In the difficult economic environment we were very disappointed that the Contract Rights Renewal formula was not removed. It is our view that this formula has exhausted its usefulness and now places an unfair burden on ITV companies. UTV will continue to seek its removal to enable normal trading to return to the market place.

New Media

Revenue in New Media was maintained at £11.5m with operating profit remaining constant compared to 2008 at £2.0m.

> "UTV celebrated 50 years as the Channel 3 licence holder in Northern Ireland in October 2009, with a series of programmes and events marking the occasion."

New Media is a leading Internet Service Provider and web development company. The acquisition of Tibus in 2008 further strengthened the focus on content delivery with success continuing through 2009. The division diversified throughout the year, with the additions of UTV Drive, an online portal to sell or buy vehicles in Ireland, and RecruitNI, an online recruitment facility.

Throughout 2009 the New Media division completed a number of projects for access, use and creation of digital media and digital content. Utilising UTV broadband, online web services and online web properties, the vision to develop new revenue streams was successfully demonstrated to all our customers in the UK and Ireland. Significant projects included online local catch up television, online pre-roll advertising and new business partnerships which complement existing Group content.

During 2010, this strategic vision will be developed further with other revenue streams as New Media improves the delivery and coverage of local content on www.u.tv, Irish Radio and throughout the rest of the Group. In order to be able to offer 'best of breed' web services and content, it will integrate across several vertical markets and establish web content portals linked to Group websites. Coupled with the existing business partnerships, it will ensure the Group's digital capability and content enable all our consumers to collaborate with Television and Radio in 2010 and beyond.

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.

Licence award and regulation

The Group operates its television and radio business 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 licence renewal. The television and radio business is 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.

Material amendments to the conditions of the licenses e.g. PSB stipulations could require a significant restructure and redirection of the current operations of the Group which would affect the business. Instances may also occur when certain conditions of a license are inadvertently breached, causing negative reputation issues for the Group. Sanctions could also be imposed by the regulators. The Group endeavours to operate all its licenses in full compliance with all regulations attached to the license, delivering the highest quality of service that maximises reach to viewers/listeners and providing a level of service unrivalled by potential competitors.

Communications with Ofcom and the Broadcasting Authority of Ireland are given high priority and representations are made to ensure that the position of UTV Media plc is made clear on every policy and regulatory issue. There is ongoing pro-active dialogue with regulators and regional government on various consultative processes to ensure there is consideration of alternative policy responses. The Group continues to lobby for the need for continuing deregulation in certain aspects of the regulatory framework especially those regulations that constrain the Group's commercial ability to grow and develop on a cost effective basis. The Group has put measures in place to ensure all requirements of the licenses are being met.

Key individuals

The Group's share of viewing and listenership audience has a strong correlation to key individuals (talent) who are proven ratings 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.

Business Review

"In order to maintain its competitive position the Group continues to develop its people and enhance its content and product offerings."

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

There is a significant and increasing number of operators entering the television, radio, new media and digital markets all of whom are competing for a share of viewers and listeners and hence advertising revenue. Our competitors will gain further access to viewers when the digital switchover for television occurs in 2012. Additionally there is continuing growth in other forms of media communication to our customers for example via new media. The increasing number of media operators and competitors in the industry may impact on the Group through declining viewer/listener share and with this, declining advertising revenue.

In order to maintain its competitive position the Group continues to develop its people and enhance its content and product offerings. The Group continues to assess the media market and reviews all growth opportunities within its businesses markets both for organic and acquisitive growth.

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 schemes

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 valuations 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. Formal actuarial valuations are 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
13 April 2010

Financial Review

Norman McKeown
Group Finance Director

"Strong cash management, as evidenced by the large working capital inflow and reduced finance costs, contributed significantly to the year on year debt reduction of 19.1m (18%)".

Basis of preparation of financial statements

The Group has prepared its financial statements under International Financial Reporting Standards (IFRS) 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.

These financial indicators were influenced this year by the downturn in advertising revenue, arising from recessionary economic markets, and the cost reduction and cash generation measures that the Group put in place to mitigate the impact of this revenue decline.

Revenue

Group revenue from continuing operations has declined by 6% or £7.6m to £112.1m when compared to 2008. Adjusting for the full year impact of additions made in 2008 (FM104, talkSPORT magazine and Tibus) and 2009 (Sport magazine, UTV Drive and Recruit NI) of £4.3m and foreign exchange gains of £2.2m, like for like turnover declined by 11%.

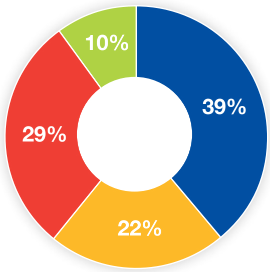
The tables and charts below detail the Group's revenue and operating profit by business segment, showing the year on year growth/(decline) and the percentage of Group total.

Revenue analysis by business segment

	2009 £m	2008 £m	Growth/ (decline)	% Change
Radio GB	43.2	45.3	(2.1)	(5)
Radio Ireland	24.8	24.9	(0.1)	(1)
Television	32.5	38.0	(5.5)	(14)
New Media	11.5	11.5	0.0	0
	112.1*	119.7	(7.6)*	(6)

* Subject to roundings

Revenue analysis by business segment



Operating Profit

The Group undertook a cost reduction programme during the year to mitigate the effect of the decline in revenue which resulted in a reduction of 3% in operating costs of £88.4m (2008: £91.3m). Again adjusting for the full year impact of acquisitions in 2008 and 2009 and the effect of foreign exchange movements, operating costs fell by 9% reflecting the targeted like for like cost savings of over £6m.

Operating profit from continuing operations before tax, finance costs and exceptional items and including associate income has reduced by £4.6m to £24.0m (2008: £28.6m). The fall in operating profit reflects declines in Radio GB of £1.2m (11%) to £9.7m, Radio Ireland of £1.0m (12%) to £7.0m and Television of £2.4m (31%) to £5.3m. Operating profit in New Media has remained constant at £2.0m.

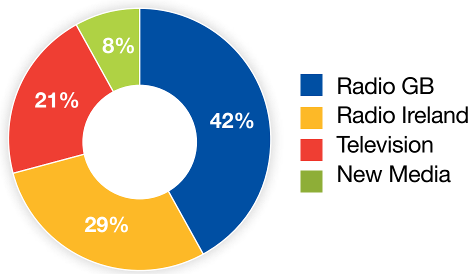
Financial Review

Operating profit analysis by business segment

	2009 £m	2008 £m	Growth/ (decline)	% Change
Radio GB*	9.7	10.9	(1.2)	(11)
Radio Ireland	7.0	8.0	(1.0)	(12)
Television	5.3	7.7	(2.4)	(31)
New Media	2.0	2.0	-	-
	24.0	28.6	(4.6)	(16)

*Radio GB includes associate income of £0.3m (2008: £0.3m)

2009 Operating Profit Analysis



Net Financing Cost

The net financing cost (excluding exceptional items) was reduced by 28% to £5.8m (2008: £8.1m). This saving was a combined result of the refinancing in July 2008 following the rights issue, strong debt management and lower interest rates.

Profit before Tax

Total Group profit before tax from continuing operations, excluding exceptional items, declined by 13% to £18.1m when compared to 2008 (£20.7m).

Taxation

The tax charge on operating activities from continuing operations for the year of £3.7m (2008: £4.5m) represents an effective tax rate of 20.2% (2008: 21.8%). The effective rate reflects profits from our UK operations at the UK corporation tax rate of 28.0% (2008: 28.5%) and profits in our Republic of Ireland operations at the ROI corporation tax rate of 12.5% (2008: 12.5%). The reduction in this rate in 2009 reflects the impact of prior year credits.

The exceptional tax charge of £1.5m (2008: £0.4m) reflects:

- £1.6m (2008: £1.1m) charge due to the impact on the deferred tax liabilities of a change in the capital gains tax rate in the Republic of Ireland from 22% to 25% (2008: 20% to 22%)
- £0.1m (2008: £0.9m) tax credit on exceptional costs
- no charge in 2009 (2008: £0.2m) due to the phasing out of industrial building allowances in the UK

Discontinued operations

The loss from discontinued operations before exceptional items of £0.3m in 2009 (2008: £1.4m) relates to the results of Valleys Radio and Central FM. In addition to the results of these stations, the 2008 loss from discontinued operations includes the results of Imagine FM, talk107 and Wave 102, which were all sold or closed in that year.

The results include a loss from discontinued operating activities of £0.4m (2008: £1.9m) less a tax credit of £0.1m (2008: £0.5m).

Exceptional Items

Net exceptional losses (excluding exceptional tax losses) amounted to £0.9 m (2008: £3.9m) and consisted of:

- fundamental restructuring costs of £0.7m (2008: £3.6m) on rationalising and reorganising our continuing operations in Radio GB, Radio Ireland and Television;
- £0.2m relating to the impairment of investment in Independent Network News (2008: £0.3m relating to 4 Digital)

Earnings per share

Basic earnings per share from continuing operations for 2009 are 12.32p (2008: 14.26p). The diluted adjusted earnings per share from continuing operations for 2009 are 14.49p (2008: 20.61p) and are adjusted for the net exceptional loss of £2.1m (2008: £4.9m). The diluted adjusted earning per share calculation is based on 95.4m shares in 2009 (2008: 77.3m shares including the pro rata weighted average shares issued as part of the Rights Issue in July 2008).

Dividend

The Board is proposing a final dividend of 2.00p (2008: 2.00p). Subject to shareholder approval this will result in a full year dividend of 2.00p (2008: 5.30p). The total dividend payment will be £1.9m (2008: £5.1m). The dividend cover which is calculated on the profit attributable to equity holders of the parent expressed over the total dividend paid for the financial year is 5.84 times (2008: 1.77 times).

Pensions

During the year the Group operated two defined benefits pension schemes, 'The UTV Scheme' (operated in Northern Ireland) and 'The Radio Partnership Plan' (operated in England). Both schemes are funded by the payment of contributions to separately administered trust funds. With effect from 31 December 2009 The Radio Partnership Plan merged into The UTV Scheme.

The IAS 19 deficit at 31 December 2009 on these schemes had increased by £2.4m to £11.0m (2008: £8.6m). The assumptions underpinning the schemes deficit calculations are set out in note 31. The key driver of the increase in the deficit was the decline in the discount rate assumption arising from the reduction in corporate bond yields which increased the schemes liabilities. The greater liabilities were only partly offset by the growth

Financial Review

in equity based assets in the year. In addition the growth in inflationary rates has resulted in an increase in the expected service costs for the scheme.

The Group agreed to fund £2.1m towards the actuarial deficit in 2009 by means of a cash and asset transfer and to make further payments of £1.2m in each year from 2010 to 2014.

Net Cash Flow

	2009 £m	2008 £m	Increase/ (decrease) £m
EBIT [1]	23.5	26.9	(3.4)
Depreciation and amortisation	1.8	1.9	(0.1)
EBITDA	25.3	28.8	(3.5)
Capital expenditure (net)	(2.6)	(1.9)	(0.7)
Working capital movement	4.9	1.8	3.1
Exceptional costs	(1.8)	(1.5)	(0.3)
Free cash flow	25.8	27.2	(1.4)
Net financing costs	(5.6)	(9.5)	3.9
Tax	(0.3)	(0.4)	0.1
Dividends paid to equity shareholders	(1.9)	(7.9)	6.0
Dividends paid to minority interests	(0.2)	0.2	(0.4)
Other cash flows	(0.5)	(0.4)	(0.1)
Net cash flow [2]	17.3	9.2	8.1

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

(2) 2009 cash flows excluding the costs of acquiring assets in Sport magazine and CNW of £0.2m; acquisition costs of Recruit NI of £0.1m; buy out of minority interest in Wire of £0.1m; and discretionary pension payment of £1.0m. 2008 cash flows excluding the proceeds from the rights issue which raised £47.5m; acquisition costs of FM104 and Tibus of £46.2m; acquisition of Treasury shares £0.5m; and discretionary payment of £1.0m.

Free cash flow from operations declined by £1.4m to £25.8m (2008: £27.2m), with the reduction in working capital requirement of £3.1m offset by a decline in EBITDA of £3.5m and an increase in capital expenditure and exceptional costs of £1.0m.

The reduction in free cash flow compared to 2008 was offset by a saving in the net financing costs of £3.9m and the decision to pay a lower dividend, saving £5.5m, resulting in an overall net cashflow saving of £8.1m at £17.3m.

Balance Sheet

Net Assets increased by £1.5m to £130.1m (2008: £128.6m). Movements from 2008 to 2009 include:

- a reduction of £19.1m in net debt
- an exchange loss of £6.2m on euro denominated assets
- an increase in trade and other payables of £5.2m partly offset by an increase in trade and other debtors of £2.0m
- an increase in the pension deficit of £2.4m.

Capital structure and financial risk management

At 31 December 2009 the Group had:

- net debt of £88.5m (2008: £107.6m)
- a net debt: EBITDA ratio of 3.44:1 (2008: 3.58:1) and
- an EBITDA: interest cover of 4.63:1 (2008: 3.84:1)

The above ratios are calculated based on banking covenant requirements as defined in the facilities documentation. This required that for the period ending 31 December 2009 the net debt to EBITDA ratio shall not exceed 3.75:1 (2008: 4.00:1) and the ratio of EBITDA to net interest expense shall not be less than 3.25:1 (2008: 3.25:1).

"The directors believe that the group is well placed to manage its business risks successfully during the incoming period of economic recovery."

The current banking covenants require that during 2010 the net debt to EBITDA ratio for the 12 month periods ended March, June and September should not exceed 3.50:1 and for the period ended December shall not exceed 3.25:1. The ratio of EBITDA to net interest expenses should not be less than 3.25:1 for any of these periods.

In order to provide additional operational flexibility the Group accepted an offer from its banking consortium to ease the terms of one of it's key banking covenants for a margin increase. The new covenants, effective from 1 April, are 3.75:1 for the period from March to December 2010, 3.50:1 for periods falling in 2011, 3.25:1 for periods falling in 2012 and 2.75:1 until the facilities expire in June 2013. Further details of the renegotiated facilities can be found in note 30.

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

- £87.5m facility with UTV Limited comprising a £47.5m term loan (reduced from £55m by mandatory repayments) plus a £40.0m revolving credit facility
- €44.0m facility with UTV Radio (ROI) Limited comprising a €34.0m term loan (reduced from €40m by mandatory repayments) together with a €10m revolving credit facility.

Financial Review

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

The Group has utilised £97.5m of these facilities, leaving unutilised facilities of £29.0m and cash reserves of £8.4m.

The Group holds two interest rate swaps fixing the base interest cost for a percentage of its sterling and euro denominated debt.

- 54% of the sterling senior facility is fixed at 4.56% plus applicable margin until 30 June 2010
- 31% of the euro senior facility is fixed at 3.83% plus applicable margin until 30 June 2010

Overall, until 30 June 2010, approximately 47% of total Senior debt facilities are fixed at a blended interest rate of 4.32% plus an applicable margin.

The Board has authorised a new fixed interest rate swap to be placed for 60% of the projected outstanding sterling borrowings and 40% of the projected outstanding euro borrowings with a forward start date of 30 June 2010 for the period to 30 June 2013.

- Full details of the maturity profile of the Group's liabilities are set out in Note 24: 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 30: Derivatives and other financial instruments.
- To further reduce cost of borrowing the Group has decided to reduce its revolving credit facilities by £5.0m and by €5.0m as a part of the amendment to its net debt to EBITDA bank covenant.

Going concern

The Business Review sets out the business activities, together with the factors likely to affect its future development, performance and position. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described above. In addition, note 30 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.

Some of the steps taken to strengthen the Group's position through the tough economic climate include:

- significant emphasis placed on cash generation/debt reduction which has resulted in a year on year decrease in net debt of £19.1m to £88.5m
- reduction in its overhead base by more than £6m on a like for like basis
- disposal of two loss making stations, Valleys Radio and Central FM
- 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 2010 budgets and 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
13 April 2010

Radio GB

2009 was a year when talkSPORT went from strength to strength, while new acquisitions and continued investment in our local radio stations consolidated the company's position as a major force in the marketplace.

talkSPORT

There were record ratings and industry accolades for talkSPORT, the UK's only national commercial speech radio station, which ended the year with a weekly reach of 2.5 million listeners.

The Alan Brazil Sports Breakfast scored its highest ratings to date with a weekly reach of 1.2 million listeners and earlier in the year the drive-time show, presented by former England and Yorkshire fast bowler Darren Gough and Adrian Durham, topped 1 million listeners for the first time. As a result, talkSPORT ended 2009 with its highest ever share of the UK radio market, 2.1%.

Awards

At the Arqiva Commercial Radio Awards in June, talkSPORT won two awards, including the biggest prize in commercial radio – commercial station of the year. This was the second time the station lifted the award in three years. The judges said: "Huge resources and great courage have been put into the station – and the impressive array of on-air talent is supported by excellent production."

talkSPORT's sales team was also awarded sales team of the year for the second year in succession. This award was all the more significant because it was voted for by advertising agencies – the clients.

Later in the year, at the prestigious Media Week Awards, talkSPORT was successful for the first time, winning media brand of the year. talkSPORT also took the silver award for sales pitch niche (under 250k) for the station's Damned United campaign and a bronze award for sales pitch large (over 1 million) for 'Bowtime', Strongbow's sponsorship of drive-time.

Big names on air

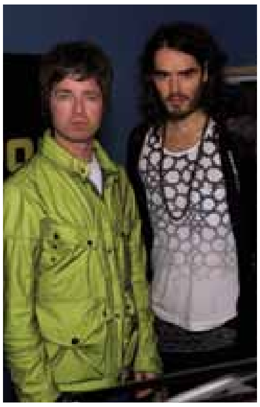
A number of planned schedule changes were rolled out through 2009 and saw the station deliver a line-up of big name broadcasters.

Andy Townsend, the former Republic of Ireland, Chelsea and Aston Villa midfielder and Mike Parry, a former journalist and director of communications at The Football Association, took over the weekday mid-morning 10am to 1pm show and delivered the highest ratings in that slot in the station's history.

In April the station made the headlines when it announced that actor, comedian and broadcaster Russell Brand was to return to the air-waves as co-host of a sport show alongside Oasis star Noel Gallagher.

In May Stan Collymore signed a deal that will keep him at the station for the next two years. As match summariser and co-commentator on the station's live football, co-host of the nightly Kick Off with Danny Kelly, and anchor of the incredibly popular Call Collymore, he has proved to be one of the UK's most intelligent and gifted sports broadcasters.

There was further good news in May, when talkSPORT announced that Mark Saggers was to leave BBC Five Live to anchor the All Sports Show.



Noel Gallagher and Russell Brand presenting on talkSPORT.

In a momentous summer of sport that included the eagerly anticipated Ashes series, the Lions tour of South Africa, the inaugural Wembley Cup, Wimbledon and the British Grand Prix, Saggers got off to a flying start and alongside Mickey Quinn, also presented the Weekend Sports Breakfast.

Former England and Yorkshire cricket legend Darren Gough claimed a permanent berth alongside Adrian Durham to present Drivetime, talkSPORT's hugely successful show from 4pm to 7pm. The former pace bowler made an immediate impact and helped drive over one million listeners to talkSPORT's drivetime show for the first time, smashing its previous record total.

Sport magazine

In May, UTV announced it had acquired Sport, the UK's largest weekly sport magazine.

Launched in September 2006, Sport delivered more than 317,000 readers per week and the move confirmed UTV as a major sporting force in the UK market. Re-launched in June, the cover story of Sport's first edition featured a UK exclusive with Formula One driver Jenson Button.

Introducing UTV Pitch

The acquisition of Sport resulted in UTV Media (GB) creating UTV Pitch to manage its expanding interests in sports-related media. Headed by managing director Adam Bullock, formerly talkSPORT's sales director, UTV Pitch immediately provided advertisers with a one-stop shop through which they could reach three million people per week, via two brands and across four different platforms and channels. Building on talkSPORT's reputation for award-winning integrated creative campaigns, the business provides considerable efficiencies for advertisers and their media planners and buyers through cross-media solutions.

Investing in local radio

We continued to invest in our independent local radio stations. Orrell Lodge, the home of Wish FM in Wigan was transformed into a state-of-the-art studio facility. Stations Wire FM and Tower FM relocated to the new facility, which contains six studios and two news booths.

For the second year in succession, Liverpool's Juice FM walked away with a much-coveted award at the Arqiva commercial radio awards. They picked up the radio marketing award for their Firm Foundations School tour – a promotion that utilised their presenters' popularity within Knowsley's young community to encourage school attendance and engage in academia.

In early March, the great and the good of Blackpool came together for Radio Wave's first lifestyle and culture awards which celebrated all that is exciting, different and unique about the Fylde coast.

Waking up in Liverpool

Radio station Wish FM, which serves the listeners of Wigan and St Helens, announced in September that Kev Seed would be joining the station as host of the Weekday Breakfast Show. So successful was Seed on Wish FM that in November Juice FM announced that Kev would also be joining the station as host of the Sunday Breakfast Show.

On joining 107.6 Juice FM, Seed said: "There's something very special about broadcasting in Liverpool so to be back on–air and waking up the city I love is going to be fantastic. I'm loving presenting the Breakfast Show on Wish FM so to wake up Liverpool every Sunday is the icing on the cake."

Staffordshire wakes up to Spiller

In June Signal 1, which serves the listeners of Staffordshire and South Cheshire, announced that Perry Spiller would be joining the station as co-host of the Weekday Breakfast Show. Spiller, who had previously presented the mid-morning show on sister station The Wolf, joined Louise Stones in the Signal 1 breakfast studio.

Radio Ireland

The highlights of an exciting year were the establishment of our new corporate offices in central Dublin, the launch of our combined national sales product Urban Access and the creation of our own national news service, UTV Radio News.

In April, all Dublin-based UTV businesses moved into our new building at Macken House, adjacent to the O2 Arena. These premises are now home to FM104, Q102, UTV Radio Solutions and UTV Television sales.

Stations power ahead

All our stations provide a mix of music, news, special interest and speech-based programming which is focused on the unique requirements of listeners in each local area.

As a result of this approach, all stations performed very strongly, with Q102 in Dublin and U105 in the Greater Belfast area in particular enjoying excellent growth. U105's weekly reach increased from 108,000 to 136,000 during the year, making it the second most popular commercial station in its area after just four years on air.

Q102 again improved its market share from 7% to 8.6% during the year, confirming it as the top commercial station in the highly competitive 35 plus Dublin market. A number of changes were made on air, with Aidan Cooney from TV3 taking on the mid-morning slot.

Cork's 96FM, Limerick's Live 95FM, LMFM in Louth/Meath and FM104 in Dublin all consolidated their market leading positions in key urban areas with market shares of 45%, 35.4%, 28.3% and 10.7% respectively. Neil Prendeville's show on Cork's 96FM now attracts more than 100,000 listeners a day.

While we have strengthened all aspects of our output, significant changes were made to our current affairs shows on both Limerick's Live 95FM and Q102. The Limerick Today programme was extended to three hours and is now presented by Joe Nash. The second hour of the "On the QT" programme on Q102 was changed to "the 6 o'clock phone-in" to incorporate more listener interaction and comment. The initial reaction to both shows has been extremely positive.

Our comprehensive coverage of local sport continued with all stations broadcasting numerous live commentaries covering soccer, rugby and GAA in particular. Limerick's Live 95FM continued its sponsorship of the Limerick county senior hurling and football championships. Cork's 96FM & C103 also continued it's annual GAA Sports Star of the Year Awards and also launched a monthly athletics award in association with Cork City sports.

Effective advertising

In November 2009 UTV Radio Solutions presented the first ever radio advertising effectiveness study in the Republic of Ireland market to the industry. UTV Radio Solutions in conjunction with Pharmaher Healthcare, a young Irish company, launched the L'il Critters Gummy Vites (a 2-12yr old childrens vitamin) brand on-air solely using Urban Access – UTV's National Radio Package. The results were staggering with sales increases of 356% on the same period the previous year.

UTV's new corporate offices in Dublin

Neil Prendeville on Cork's 96FM.

Reason to celebrate

All stations ran numerous on-air promotions during the year with the highlight being the FM104 promotion "Win a Dublin Showhouse", whereby a lucky listener won a fully furnished showhouse.

LMFM celebrated its 20th birthday on the 4th September 2009 with a number of former presenters, including Gavin Duffy of RTE's Dragon's Den and Mairead McGuinness, now an MP, returning to the station.

A new news service

With the demise of INN, we launched our own national news service UTV Radio News on 1st October 2009. The service now provides a comprehensive national and international news and sports service to all UTV-owned stations.

Helping worthy causes

Our stations continue to be heavily involved in supporting local charities through on-air support and extensive fund raising. Of particular note was the second annual 96FM "Cork 4 Kids" radiothon which raised over €350,000 for children's wards at Cork University Hospital and Mercy University Hospital.

FM104's charity initiative "Help a Dublin child" held a number of high profile activities during the year, including the 104 hour challenge in Clery's window, a music gig at the Olympia and a comedy gig at Vicar Street. All funds raised went to Temple Street Children's Hospital and the ISPCC.

U105 also ran a charity initiative in conjunction with the Northern Ireland Hospice in which Maurice Jay lived in the window of a Belfast shopping centre for 105 hours.

Dublin's Q102 continued its annual charity auction, raising more than €40,000 for charity partner, St. Michael's House.

UTV Radio Ireland senior managers continued their involvement in industry initiatives and bodies such as IBI, Learning Waves, JNLR Committee and Radio Awards Committees.

Maurice Jay presents U105 listeners charity donation to NI Hospice.

Television

In 2009, we celebrated our 50th anniversary as the channel 3 licensee in Northern Ireland. We marked this significant milestone by serving our region with high quality news, current affairs and diverse programming and by continuing to deliver some of the most watched regional programmes in the ITV network.

In terms of channel performance, UTV attracted a 28.6% share in peaktime, well ahead of BBC NI's 19%, commercial competitor Channel 4's 7.3% and the ITV network's 23.7%.

UTV News

As the future of news on Channel 3 was one of the most hotly-debated broadcasting issues of the year, we re-enforced our commitment to regional news by investing in new studio sets and a whole new look for our main evening news programme, UTV Live.

As a result, UTV Live consolidated its market dominance by becoming not just the most-watched news in Northern Ireland, but the most-watched regional news programme across the UK. The programme achieved an average rating of more than 34.3% across the year, against BBC Northern Ireland's Newsline which achieved 26.1%. The ITV regional news average at 6pm is 18.6%.

A nightly (Monday to Thursday) half-hour news and current affairs' programme, UTV Live Tonight was launched in April and has been an outstanding success. In rating terms, with an average share of 18.4%, it has not only consistently won its slot against the ITV network, but has also regularly beaten the BBC's offering.

The news agenda of 2009 was dominated by security issues. In March, dissident republicans murdered two soldiers in Antrim and within an hour, UTV had a reporter and camera crew in place at the barracks. They worked through the night providing material for UTV and ITV news. The following day we were live at Massareene for UTV Live and we provided an hour-long live UTV News Special at 22.30.

In political terms, coverage throughout the year focused on the devolution of policing and justice powers. Our political editor, Ken Reid, reported on and analysed every development in this complex story.

The excellence of our editorial staff was recognised in the form of three awards from the ITV News Group. Our political editor Ken Reid won two gold awards for 'Scoop of the Year' and 'Political Correspondent of the Year' for his interview with the former First Minister Ian Paisley announcing his resignation. UTV received a silver award for 'The Troubles I've Seen', in the 'Current Affairs Programme of the Year' category.

Ken Reid was also awarded 'Overall Winner and Broadcast Specialist Journalist' and 'Scoop of the Year' at the prestigious CIPR Awards in Belfast. At the same awards, Jamie Delargy won 'Broadcast Business Journalist' and Sarah Dobson won 'Broadcast Newcomer'.

Current Affairs

2009 was the year for a new US President and UTV was the only

regional ITV channel to broadcast from New York and Washington on President Obama's inauguration, with a special half-hour programme, as well as news reports throughout the week.

An Insight Special in December revealed the allegations of sexual abuse against the brother of Sinn Fein President Gerry Adams. The political fall-out from the revelations dominated the news agenda for some time.

Sport

UTV continued to offer its viewers a grandstand seat for the finest of sporting fixtures. In rugby, when Ireland won the Grand Slam for the first time in 61 years, UTV was present at every match and with the players in Dublin to share in the celebrations. We also followed the fortunes of the GAA, Ulster Rugby team and Carling Premiership football.

Non-news programmes

UTV successfully launched a new weekly magazine show, The Seven Thirty Show in June - covering arts, community, family issues, lifestyle and entertainment. It regularly achieved more than a 20% audience share, finishing the year on a high, with the Christmas programme in December attracting a 25.3% share.

Series two of Ultimate Ulster returned in the autumn, delivering an impressive audience share of more than 26.4%. Ultimate Ulster is now the most-watched ITV regional programme in the UK. The 11th series of Lesser Spotter Ulster, started in October in a new Tuesday night slot. This series remains one of the most enduring, popular television programmes ever shown on UTV.

Hidden Heritage returned to UTV for a new series in March, uncovering the historical delights of Northern Ireland. Live at the Limelight was a brand new series of four one-hour programmes showcasing the best unsigned bands on the island. This series was part of UTV's commitment to find and nurture new Irish talent.

Deep Wreck Mysteries revealed the unknown world of shipwrecks off the North Coast and Titanic Sales was a half-hour documentary with broadcaster Rose Neill, as she met with collectors so fascinated by the story of the sinking of the Titanic that they are willing to pay small fortunes to own a "piece of history".

Improving technology

2009 saw UTV continue to invest in the latest broadcasting technology. UTV became one of the first TV companies in the UK to introduce Panasonic P2 'tapeless' cameras in January. This whole new 'tapeless' work environment has transformed cross-platform news production across TV, radio and online - maximising the 'speed to air' for breaking news.

Online in March 2009 saw the re-launch of UTV's main portal u.tv with a new, more 'user friendly' design, aimed at delivering breaking news and more video content for our growing user base.

In June we introduced the UTV Player to our site, using the latest technology developed by UTV to enable users to follow both our local news and content and the best of ITV programming online for 30 days. The UTV Player also boasts an archive section which has programmes from the past 50 years readily available online for our viewers to enjoy.

Looking ahead

Plans are already underway to offer more catch-up services on our UTV Player, backed up by more original content made specifically for u.tv, as well as adding to the hugely popular online archive.

We will continue to work with local organisations including Opportunity Now, Business in the Community, Employers' Forum for Disability, Northern Ireland Screen and Skillset, as well as local universities, schools and cultural and charitable agencies.

In 2009, as in the past 50 years, we believe UTV has provided our viewers with original, high quality programmes that reflect Northern Ireland and its people. As we look ahead, we aim to continue and enhance that tradition.

Ultimate Ulster

New Media

2009 has been a year of expansion for the division. With traffic to our websites growing and new businesses being acquired, the UTV group increased its number of monthly visitors by more than 60% across all its web properties.

With significant investment in all web properties including u.tv, talksport.net and our Irish radio sites, support from Tibus has helped the Group's digital footprint reflect its position in the market. For the flagship site in Ireland, u.tv, the addition of ITV programmes and content, local catch-up television and pre roll advertising, all contributed to the significant increase in web traffic.

UTV Internet

In 2009, UTV Internet invested in its UK and Ireland networks to offer 'up to' 24Mb broadband in both regions. In the UK, UTV Internet will also be able to avail of 'superfast' broadband with up to 40Mb and 60Mb available in a limited number of exchanges.

In 2010, UTV Internet plans to add other related products and services for customers, exploit the investment in the network, improve customer care and continue to provide proactive customer retention in a very competitive market.

Tibus

The company secured a number of major public sector contracts including the Northern Ireland Civil Service, Queen's University Belfast, and the Department of the Environment NI. In the private sector, we worked successfully with two of the world's largest oil companies and major brands including Bank of Ireland and Farran's Construction.

Our work won awards for best technology website for SiliconRepublic.com at the Irish Web Awards, and best classified website for Weddingsonline.ie at the Golden Spider Awards.

The delivery of internet services in support of UTV Media companies is an active part of Tibus' remit, and 2009 saw significant investment by the Group in a new technical platform for flagship portal u.tv, redevelopment of the UTV Radio Ireland web portfolio, design of the World Cup 2010 website for talkSPORT.net, and the launch and further support of vertical web portal platforms UTVDrive.co.uk and RecruitNI.com. For 2010, the company will further invest in the application of new and emerging technology for the benefit of the business market, and we anticipate that this market is an environment within which Tibus is well-placed to continue to perform strongly.

UTV Drive

After a successful pilot, UTV Drive was officially launched on 09.09.09 and the site has gained significant market share of the commercial and consumer markets, offering sections for commercial vehicles, farm and plant machinery, motorbikes, boats and caravans.

In Spring 2010, UTV Drive was announced as the main title sponsor of the Circuit of Ireland - a perfect partnership as we share the same vision for future growth throughout Ireland.

RecruitNI

During 2009, RecruitNI was successfully integrated into UTV New Media. The website was redeveloped with the addition of new features and despite the significant downturn in the jobs market the site increased its web traffic and monthly visitors. As part of an overall review of the market and competitors, RecruitNI launched a microsite for executive jobs in Northern Ireland and the Republic of Ireland in December 2009.

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 70.

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. Previously he was a member of the Court of the Bank of England and the Chairman of the Northern Ireland Tourist Board and has recently been appointed Chairman of The National Trust in Northern Ireland. Mr Bailie was appointed to the Board on 18 September 1996. Aged 66.

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 51.

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 59.

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. Mr Reihill began his career with Dillon Read Investment Bank in New York and was formerly Joint Chief Executive Officer of Tedcastle Holdings Limited. He also established Trinity Venture Capital in 1997 and successfully floated the Company as TVC Holdings plc in July 2007. Mr Reihill was appointed as a non-executive director on 10 September 2008. Aged 44.

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 56.

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. In the period 29 July 2008 until 11 March 2009 he assumed the role of Group Finance Director. Aged 63.

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 39.

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, he 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 52.

Membership of Board Committees

Audit Committee

H Kirkpatrick	(in the Chair)
K Lagan	
S Reihill	(resigned 11 March 2009)

Remuneration Committee

K Lagan	(in the Chair)
R E Bailie	(resigned 11 March 2009)
H Kirkpatrick	
S Reihill	(resigned 11 March 2009)

Nomination Committee

J B McGuckian	(in the Chair)
R E Bailie	(resigned 11 March 2009)
K Lagan	
H Kirkpatrick	
S Reihill	(resigned 11 March 2009)

Corporate Governance

The Group is committed to high standards of corporate governance and the Board acknowledges its responsibility for delivering management accountability, improving risk management and for creating shareholder value.

This report describes how the Group has applied the principles set out in Section 1 of the Combined Code on Corporate Governance revised in June 2008 by the Financial Reporting Council in the UK and appended to the UK Listing Rules published by the Financial Services Authority, and the extent to which they comply with the Code's provisions.

Statement by the Directors on Compliance with the Combined Code

Throughout the year ended 31 December 2009, the Company has complied with the provisions set out in Section 1 of the Combined Code on Corporate Governance (2008) with the following exceptions:

- Early in 2009, the Company reviewed the constitution of each of the Committees of the Board in terms of the extent to which the members of these Committees would be classed as independent acknowledging the most recent guidance in the Combined Code and other best practice advice. Accordingly, to reflect best practice, those non-executive members who may not be deemed as independent, stood down from all Committees of the Board effective from 11 March 2009.

The Board

Composition: The Board currently comprises five non-executive Directors and four executive Directors. The non-executive Directors include the Chairman and four other non-executive Directors. The executive Directors include the Group Chief Executive and three other executive Directors. The composition of the Board during 2009 was as outlined above except in the following periods:

- From 1 January 2009 to 10 March 2009, there were three executive Directors, with N McKeown being appointed to the Board as an executive Director on 11 March 2009.

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.
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. Accordingly, to reflect best practice, both these non-executive Directors stood down as members from all Committees of the Board effective from 11 March 2009. 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 2009, K Lagan, an independent non-executive Director, has been designated as the Senior Independent Director and no concerns have been raised with him.

Corporate Governance

Board Experience: Biographies of the Directors appear within the section on the 'Board of Directors' and these demonstrate a range of experience and sufficient calibre 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 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. In addition, induction visits are arranged to the various Business Divisions. 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 Business Divisions. The biographies also contain details of any other directorships held by the Board Directors.

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 Company Secretary is an employee of the Group and attends all meetings of the Board. The appointment and removal of the Company Secretary is a matter for the Board as a whole.
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 2009, 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**	**2**	**1**
J B McGuckian	10	-	-	1
R E Bailie (1)	10	-	2	1
K Lagan	8	3	2	1
H Kirkpatrick	10	4	2	1
S Reihill (2)	10	1	1	-
J McCann	10	-	-	-
J R Downey	10	-	-	-
S Taunton	10	-	-	-
N McKeown (3)	10	-	-	-

(1) Resigned from the Remuneration Committee and Nomination Committee effective from 11 March 2009

(2) Resigned from the Audit Committee, the Remuneration Committee and the Nomination Committee effective from 11 March 2009

(3) Appointed to the Board on 11 March 2009, attended as Director Designate prior to this

Corporate Governance

How the Board Operates

Board Meetings and Attendance: The Board plans to meet at least nine times a year, with additional meetings taking place as required. The Board met ten times in 2009 and the attendance at the meetings is set out in the table above. The Board holds meetings at different Business Divisions giving the Board the opportunity to meet staff at a number of different locations.
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. These 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 subsequently, 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 some of its 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 deliberations 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 and are so defined in writing and approved by the Board, to ensure a clear division of responsibilities between them. The Chief Executive is accountable to the Board for the authority delegated to executive management.

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 less informal basis, as is required to conduct Group business, review Group performance and manage risk.

Corporate Governance

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. Following this review, the Chairman met with the Directors to discuss their views and to give feedback on individual performance. K Lagan, as 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. In the future, the engagement of external consultants to assist in the review process will be considered.

Conflicts of Interest: In line with the Companies Act 2006, the Articles of Association were amended at the AGM in May 2008 to 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 assessed 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. R E Bailie and S Reihill resigned from the Committee effective from 11 March 2009.

Nomination Committee Meetings and Attendance: The Nomination Committee met once in 2009. The attendance at the Nomination Committee meeting is set out in the table above.

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 2009: The Committee appointed N McKeown who was previously the Group Finance Director (Designate), as a Director of the Board on 11 March 2009.

Corporate Governance

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. R E Bailie and S Reihill resigned from the Committee effective from 11 March 2009.

Remuneration Committee Meetings and Attendance: The Remuneration Committee met twice in 2009. 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 2009: 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'.

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. S Reihill resigned from the Committee effective from 11 March 2009. 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 Group 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 2009. 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 and 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, in all matters. The arrangements are defined in the UTV Public Interest Disclosure ('Whistleblowing') Policy.

Corporate Governance

Activities in 2009: 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 October 2009 in respect of going concern and liquidity risk challenges arising from current economic conditions.
- 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 and satisfying itself as to their continuing independence and rotation of audit partners. Ensuring that there are appropriate policies determining the non-audit services that the External Auditors can provide and reviewing the subsequent procedures required for pre-approval of any such engagement. Recommending a resolution for the AGM for the appointment/reappointment of the External Auditors.
- Reviewing and approving the Internal Audit function's strategic plan and annual operational plan and monitoring the on-going progress of delivery throughout the year. Considering the Internal Audit reports and assurance levels, the recommendations made and the proposed actions to be taken by management to implement recommendations. Monitoring the progress actively made in the implementation of recommendations. Reviewing the effectiveness and performance of the Internal Audit function.
- Meeting privately with the Group Internal Auditor and the External Auditors without the executives being present and discussing any issues arising in the course of performing their duties and their work undertaken.
- Satisfying itself that the arrangements for staff to raise valid concerns in confidence were appropriate. There were no issues raised by this mechanism in the year.

Early in 2009, the Audit Committee reviewed its existing procedures on the engagement of its External Auditor to undertake non-audit services, in terms of satisfying itself that their independence and objectivity was not impaired. The outcome of the review was the formulation of a formal documented policy outlining the types of engagements that were to be prohibited and the strict conditions that must be met for any future non-audit engagements. The policy covered other factors such as approval levels dependent on the type of work and the proposed fee, etc. All such non-audit engagements must, as a minimum, be notified to the Audit Committee and may require their prior approval. Details of the fees paid to the External Auditors, including fees for non-audit engagements are set out in a Note to the Financial Statements.

Corporate Governance

Internal Control and the Control Environment

The Board is responsible for establishing and maintaining a sound system of internal control in the Group and for reviewing the effectiveness of the systems. The primary responsibility for the operation of the internal control systems is delegated to the executive management. 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.

In accordance with the guidance of the Turnbull Committee on internal control, an ongoing process has been established for identifying, evaluating and managing the significant risks faced by the Group. The Group's key internal control 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:

- **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. Performance is monitored monthly, compared to budget and the prior year, the reasons for variances explained and relevant action taken swiftly, allowing updated forecasts to be produced and tracked, as applicable, throughout the year.

- **Operational Review Process**

  The Board is provided with relevant, accurate and timely information, based on management information systems, which are continually being improved and updated. This enables the Board to regularly review key performance metrics on the Group's operations.

- **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. The executive Directors together with the senior management team constitute a Management Committee, which meets to discuss day-to-day operational matters. 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 the appropriate framework for delegation of authority and authorisation to incur expenditure.

- **Quality, Integrity and Business Conduct**

  The Board considers the quality and integrity of its personnel 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. The appointment of senior executives within the Group requires the approval of the Board.

- **Control Environment and Procedures**

  Financial and non-financial controls, policies and procedures are kept under ongoing review by both the senior management team and Internal Audit function to ensure they remain effective and reflect the current risk profile of the activities and transactions in the Group.

- **Risk Management**

  The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate level of controls and procedures to manage and monitor those risks including taking the appropriate actions to mitigate the risks. These risks are reviewed regularly by the Board throughout the year 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.

Corporate Governance

The executive Directors and the senior management team are responsible for implementing the risk management strategy and ensuring that an appropriate framework is operating effectively across the Group, demonstrating that robust and embedded risk management processes are operated throughout all aspects of 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 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 appropriate 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 Control and Controls over Financial Reporting**
  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 has responsibility for reviewing the effectiveness of all the internal control process, both financial and operational, with these parties and for considering the relevant action needed in respect of any control issues raised by the Internal and External Auditors. The Audit Committee's role also 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 as part of the Group's training and development programmes, are regularly kept up-to-date on developments in financial reporting.

The Audit Committee has confirmed that it has conducted a review of the effectiveness of the systems of internal control, including financial, operational and compliance controls, and risk management systems, as were operated during the year. The key processes applied in doing so are included in the section on Activities in 2009 for the Audit Committee. Other key processes used by the Audit Committee in carrying out its review include the consideration of regular reports from the executive Directors and the senior management responsible for areas of the Group's business.

The Audit Committee has reported its findings to the Board who conclude on the effectiveness of the systems of internal control, in line with the requirements of the Combined Code. Accordingly, the Board confirm that their processes for review of the effectiveness of the internal controls, and their processes for identifying, evaluating and managing significant risks, are in accordance with the updated Turnbull guidance, and the processes have been in place for the full year under review and up to the date of approval of the Annual Report and Financial Statements. The processes are subject to continuous development.

Communications with Shareholders

Communications with shareholders are given high priority. The Board is accountable to the shareholders and as such it is important for the Board to appreciate the requirements of the shareholders and equally that the shareholders understand how the actions of the Board and short-term financial performance relate to the achievement of the Group's longer-term goals. Accordingly, the Chairman's Statement and the sections on the Business Review and Financial Review include a detailed review of the business and future developments.

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.

Corporate Governance

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.
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 agenda, recognising its importance to the long term sustainability of all of its businesses.

The Group is committed to acting as a "good corporate citizen" by applying the highest standards of Corporate Social Responsibility (CSR) in all aspects of its operations, both internally and externally. Therefore, the Group recognises that its social and environmental impacts have to be managed in just the same way as its commercial and financial performance. The Group's approach to CSR is to effectively and actively manage the impact that their operational activities, could or do have, both within the Group and also on external stakeholders and the environment.

The Group formally communicates its approach to CSR and the activities undertaken through detail provided on its corporate website. Its ongoing commitment to CSR is evidenced by continued membership and hence 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 by the term "Corporate Social Responsibility" 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-Group 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 considerable downturn, which arose in late 2008 and persisted throughout 2009 in the trading conditions in the media industry and the economy in general, required a renewed focus on staffing structures and skills alignment. By necessity the businesses were restructured to reflect, amongst other things, the changing broadcast output requirements and the declining advertising market. The Group's people strategy focused on ensuring that it had the necessary capabilities and resources appropriate for the restructured business. Accordingly, in consultation with staff and unions, a skills retraining programme, to align their skills to meet new challenges in broadcasting output, was offered to all staff affected by the restructure. Additionally an attractive voluntary severance scheme was drawn up to minimise the extent of any potential compulsory redundancy arrangements required.

The employment framework and terms of employment are being changed to reflect the developments in the media industry. This includes expansion of freelance staff resources and increased use of fixed-term contracts which supports the longer-term viability of sustained employment for staff. The Group created approximately 250 new posts across a wide range of jobs and cross-platform functions.

The Group's resourcing, training and development are focused on ensuring that there is an appropriate mix of skills, knowledge and experience to meet the Group's business needs. Whilst difficult trading conditions puts pressure on training budgets, the Group encourages staff to take a proactive approach to developing their careers and recognises the importance of developing staff skills to maintain the highest standards. During the year staff received training covering abroad range of areas including cross platform skills, law, environmental issues, health and safety, finance, IT and marketing. In addition to training, the Group supports work-related and further education developmental courses for staff. In 2009 a number of key executives undertook a Leadership Development Programme to further develop their potential talent and skills.

Performance and recognition

The Group recognises the key contribution of its staff for its continued success and it needs to retain its highly motivated workforce whilst continuing to attract high calibre candidates to progress innovative business strategies. All employees have the opportunity to discuss their performance, rewards and ongoing training and development needs. Attractive reward packages are offered incorporating both financial and non-financial benefits and incentives and opportunities for further career development. Flexible working arrangements are offered where appropriate and options include part-time hours, reduced hours working and compressed hours. The Group is a member of Employers for Childcare and offers a childcare voucher scheme for staff.

Corporate Social Responsibility

Staff demonstrated their awareness of the harsh trading conditions experienced by the media industry in 2009 by agreeing to a pay freeze across the entire Group. Additionally no bonuses were payable to the Directors and senior staff.

Diversity in employment

The Group is fully committed to promoting diversity in the workplace. It recognises the enrichment that this brings to all aspects of its business by reflecting the audience and customers it serves. Staff undertake diversity training to ensure that all aspects are understood and that the Group complies fully with statutory legislation.

The Group is committed to ensuring that the highest standards of behaviour are exhibited in all its commercial endeavours and in the treatment of staff. A Code of Business Conduct is issued to staff and covers areas such as employment legislation, diversity, respect and the conduct expected in the workplace. To support the required ethical behaviour, a whistleblowing mechanism is in place whereby staff may raise concerns via a confidential process. A robust disciplinary mechanism has been established to appropriately address instances of unethical or discriminatory behaviour.

Communication and participation with staff

The Group is committed to open and collaborative working with its 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 and social activities. The Group also operates a Staff Representative group and holds regular 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.

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 undertakes regular risk assessments of all operating locations, especially in outside broadcasting locations where there can be significant hazards and involvement with the public. Staff involved in such activities are regularly trained and updated on the health and safety aspects inherent in their working arrangements.

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. It is pleased to note that there have been minimal health and safety incidents in the year. Summary tables are provided below.

Total number of accidents reported

	2009	***2008***
Number of fatalities	-	-
Number of serious incidents	-	-
Number of minor incidents	18	15
	18	15

Total number of accidents reported	***2009***
Accidents to staff	16
Accidents to public	-
Accidents to contractors/other third parties	2
	18

Accident causes	***2009***
Slips, trips and falls	7
Lifting and carrying	1
Hit by objects	5
Other	5
	18

Corporate Social Responsibility

Viewers, listeners and regulators

Regulators and broadcasting commitments

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. It is regulated by independent regulatory bodies including Ofcom, the Broadcasting Authority of Ireland and the Committee on Advertising Practices.

The Group remains fully committed to its regional television output through UTV Television. It has exceeded the minimum number of home-produced production hours in news and current affairs, in order to satisfy the requirements of the Channel 3 Public Service Broadcasting (PSB) license as determined by Ofcom. The minimum local production requirement for UTV for the year was a total of 321 hours and this has been exceeded with the delivery of 351 hours. UTV exceeded the minimum regulatory requirement for subtitling with more than 95% of all its regional programming being subtitled. As part of the ITV network, UTV must provide audio description for 15% and visual signing for 5.4% of output, both targets were met. Additionally UTV proposed to commission at least 25% of non-news and current affairs output from the independent sector and this has been significantly exceeded with more than 35% of non-news regional programming being externally sourced in 2009.

Regulatory compliance and social responsibilities are priorities for Radio GB. This Division ensures compliance with on-air regulatory codes through the work of its dedicated Compliance Officer and training programmes. Training is individually tailored for the needs of talkSPORT and the local radio stations and staff are encouraged to develop a consultative approach in ensuring that all station programming is appropriate, referring any questions to senior colleagues for advice and input. In 2009 the Radio GB Division joined other leading UK commercial radio operators in creating new “Editorial Trust” and “Premium Rate Services” Codes of Conduct. These documents outline the best practice that the Division commits to follow in maintaining listener trust, running competitions and handling telephony interactions.

All Radio Ireland stations are licensed by the Broadcasting Authority of Ireland, formerly the Broadcasting Commission 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.

Content

As a licensed public service broadcaster the Group takes considerable care in ensuring that the content of its television offering satisfies the remit of the license and is fully compliant with the Ofcom Codes. In 2009 all staff involved in news and programme production were given training in compliance with the Ofcom Code which was carried out by a senior partner in a major media law practice. All UTV output is scrutinised by both the Regional Advisory Committee and the Religious Advisory Panel. The Regional Advisory Committee is chaired by a Board Director and attended by the Managing Director of Television and other senior staff.

UTV takes every possible step to ensure that programmes transmitted both locally and as part of the ITV network do not offend the diverse audience. It ensures that appropriate announcements are made with regards to programme content and that there are clear signposts on any programming that could cause harm or offence to part of the audience. This enables the audience to make informed decisions about the programming they choose to watch. UTV also ensures that all of its local advertising content, promotional output and duration of advertising messages are compliant with the various regulations in order that the audience is being fairly treated and not being mislead.

Audience involvement

Viewers and listeners are of paramount importance and each of the Business Divisions engages with their audience across many platforms. Audience feedback and interaction are positively encouraged through text, phone, email and post. Both positive and negative comments are seen at the highest level of Group management and addressed accordingly.

Audience interaction plays a particularly important role in shaping the output and character of talkSPORT, with dedicated voice and SMS systems ensuring that all listener communications are handled fairly and transparently. In Radio Ireland audience involvement is critical to the success of the stations and the audiences are actively encouraged to become involved in the station’s output, in particular through 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, entering into competitions or by becoming involved in the many charitable activities that are promoted.

One of the ways the audience enjoys interacting is through premium rate telephone services (PRS). These services are used within programmes to facilitate interaction by viewers through voting or entering competitions. UTV aims to ensure that all interactions are

Corporate Social Responsibility

conducted in a manner that is fair and transparent to the viewer and that the viewer can trust. Consequently the Group endeavours to meet the highest standards in all its PRS interactions with its audience and to ensure that the various regulatory codes, standards and guidelines covering PRS are met. The Group has established an internal compliance team which meets regularly to review the PRS offerings and evaluates the associated potential risk of failing the audience. The Board Director responsible for compliance makes an annual declaration to Ofcom in regard to the standard and quality of the PRS services.

Digital issues

UTV fully participates in Ofcom's development of Digital Participation Network and Group representatives attend all related meetings.

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. In 2008 the Group established a formal Code of Business Conduct which outlines the fundamental values and principles it expects all staff to uphold in all aspects of their operational activities. These 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. 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.

Community and society

The majority of the Group's business and outputs are at the very heart of the community and have an influential role. The Group continually endeavours to forge stronger relations both in the business community and in the general community and by doing so, promotes the long term sustainability of the media industry and future employment prospects in the local community.

Media literacy and accessibility

The Group is committed to the promotion of media literacy in the wider community. Staff and management are involved in seminars, debates and training with the local community to assist them in understanding how television and radio is created and how under-represented groups can gain access to programme-makers. The Group continues to contribute to the community both financially and with support in-kind such as offering the free provision of its studio facilities to many local voluntary, charitable, sporting and enterprise bodies. On a weekly basis, the television studios welcome groups, including adults with learning disabilities, elderly people, teachers and students of all ages, to gain an insight into media operations across its various platforms. In partnership with the Northern Ireland Commissioner for Children and Young People, the Group welcomed a number of young people onto the airwaves as part of an initiative called 'We Want the Airwaves' which coincided with the 20th anniversary of the signing of the United Nations Convention on the Rights of the Child.

Skills transfer and investment

Seventy students from across Northern Ireland participated in UTV Television's week-long work shadowing programme designed to give students an insight into a career in the media industry and future career paths, which was operated in conjunction with the Charter Work Experience Programme. UTV Television continued to operate a publicly-advertised training scheme, Skills Focus, in conjunction with Northern Ireland Screen and facilitated a number of workshops for trainees.

The Group continued its work with the University of Ulster and the Northern Ireland Skillset Academy and hosted their Graduation in Film Presentation for the students studying for an MA in Documentary Production.

The Group has for many years been supporting both regional universities in Northern Ireland by providing full-time one-year placements for seven students in the various disciplines including finance, IT, maintenance, library and content, as part of their on-going degree course education and hence contributes to the training and development of the future workforce. Each of the Radio Ireland stations has a structured policy of work experience for transitional year students and work placement/internships for those who are participating in media related courses at educational institutions.

Corporate Social Responsibility

Support for the business community

The annual UTV Television Business Eye Awards continued to attract huge support from the local business community, celebrating the best of local companies during one of the most difficult economic times. The Group is a member of Opportunity Now, a business-led campaign which works with employers to realise the economic potential and business benefits that women at all levels contribute to the workforce.

Each of the radio stations in Ireland and GB is an important part of the local business community and many staff are actively involved with their local business association and/or Chamber of Commerce, to promote business growth and success of the local area. The GB radio stations also offer online business directories to support local businesses and services. Senior Radio Ireland staff are involved in radio industry bodies such as the industry representative body IBI, the industry training body Learning Waves, and the industry research body JNLR.

The Group is a member of a number of business groups including Business in the Community (BITC) which operate across the UK and Ireland and is committed to continually improving its positive impact on society. The Group's Chief Executive is a member of the Board of BITC in Northern Ireland.

Community support initiatives

The Group supported a number of off-air community events in 2009 including the Belfast Mela, which is an international showcase of music, dance, art and food. As their media partner, UTV Television created greater awareness of the event through strong editorial features on television, radio and online. The event attracted an audience of more than 22,000 people making it the largest multi-cultural event in the whole of Northern Ireland.

The radio stations in Ireland and GB aim to be embedded at the heart of the communities they serve, which is reflected in the relationships established with local events, good causes, festivals, educational institutions and community groups. Each of the radio stations has a policy of promoting community initiatives on-air and they are often the primary source of local information, with many initiatives broadcast within the "community diary" features. The GB radio stations also help to run events which celebrate local people and local culture and in 2009 these included the "Heroes in the Community Awards" in Blackpool and the "Liverpool Style Awards".

Charitable activities

The Group has made donations to many good causes throughout the year that assist in supporting 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.

The Group provides significant assistance to local charities across its GB and Irish radio stations. Through direct fundraising and by partnership with local charities, the local radio stations in GB helped to raise significant funding for good causes, with beneficiaries including Swansea's Penllergaer Splash Appeal and Bolton Hospice. A number of the local radio stations also ran successful Christmas toy appeals. At a UK national level, talkSPORT's speech format allows it to give significant editorial attention to deserving campaigns and in 2009 these included the Everyman prostrate and testicular cancer campaign and "Help for Heroes". Meanwhile, Sport magazine's sport focus has seen it develop a long-term corporate partnership with the international children's sport charity "Right to Play".

The Radio Ireland stations promote charitable events free of charge on-air, as well as organising larger charity events on an annual basis. Examples of these are: "Cork 4 Kids" fundraiser on Cork's 96FM which raised over €300,000 for Cork's two children's hospitals, FM104's "Help a Dublin Child" which raised in excess of €100,000 for Temple Street Children's Hospital, U105's "105 Hour Challenge" which raised over £40,000 for the Northern Ireland Hospice and Q102's charity auction which raised in excess of €30,000 for St. Michael's House.

The Group has a policy that no political donations are made.

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, water use, waste products produced and opportunities for recycling. This policy has been widened recently to include consideration of green purchasing with regards to supplier issues.

Corporate Social Responsibility

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 to ensure standards in the EMS system are maintained. The EMS system enables the Group to measure, access and control the environmental impacts of its activities and delivers many benefits including reducing costs, improving efficiencies, ensuring compliance with legislation and leading to continuous improvement in environmental performance. The Group has a long established Environmental Committee to direct and manage the EMS system. The Committee engages with the Carbon Trust to both advise on operations and to undertake audits on specific environmental aspects as required. Both general and specific environmental updates are communicated to staff by way of a regular newsletter.

Energy consumption

The Group is aiming to reduce energy use and associated carbon emissions by 10% over the next five years from 2010, using 2009 as the baseline. This target represents an expected annual reduction of 800,000 KWH, equivalent to 438 tonnes of CO2 which will be achieved through a number of energy saving initiatives. The Group has engaged with the Carbon Trust who carried out an independent energy audit which resulted in a series of recommendations ranging from improving staff awareness to enhanced metering and the replacement of elements of heating and lighting plant with higher efficiency units.

Travel-related fuel consumption

The Group is aiming to reduce transport-related carbon emissions by 10% over the next five years. This target represents an expected annual reduction of four tonnes of CO2. The Group is developing a number of ideas and initiatives to facilitate this reduction and presently staff are encouraged to use public transport and share car journeys, where practicable. The Group operates a vehicle fleet and the CO2 emissions of replacement vehicles are an increasingly important factor in the replacement decision-making process.

Water consumption

Only a small number of buildings across the Group are served with metered water supplies and in the majority of cases, the local authorities levy a flat-rate water charge based on their assumptions of usage. In the buildings where water supplies are metered, it is planned to examine usage per head and this information will help develop usage profiles across the Group, after which the potential for reduction will be assessed.

Waste products and recycling

The Group has been running a recycling programme for consumables for a number of years. These consumables include toners, mobile phones, electrical items, paper, cardboard, cans, plastic and glass. The Group currently recycles 23% of its waste products and has a target to increase this by 1% per year. Fully accredited waste disposal companies are used to ensure that waste is properly dealt with.

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 CO2 emissions through national policies. These include the introduction of emissions trading programmes, voluntary programmes, carbon or energy taxes and regulations and standards on energy efficiency and emissions. In order to ensure long-term success in a competitive business environment and to be prepared for future national and regional climate policies, the Group recognises the need to be able to understand and manage these emission issues and risks. Consequently, the Group is seeking to build on its approach to tackling carbon emissions by establishing more quantitative methods of monitoring and is introducing systems that will specifically collect data relating to CO2 emissions and allow more sophisticated analysis and evaluation of the Group's energy and fuel usage. During 2010, resources will be allocated to developing the systems for collecting consumption data and this will then be used as base-line data for setting target reductions in the future.

The Carbon Reduction Commitment (CRC) is a new statutory carbon emissions trading scheme based on electricity consumption and it is being introduced in 2010. It is mandatory for all companies that consume electricity through a half-hourly electricity meter to register and organizations that consume in excess of 6,000 MWh must purchase carbon offset allowances from the Government. As the consumption of the Group through half-hour meters is just over 2,000 MWh it will be necessary to report data but it will not be necessary to purchase offsets.

In 2009, the Group responded to a request from the Carbon Disclosure Project (CDP) to provide information on its energy usage and CO2 emissions. The CDP is the largest investor coalition in the world and it produces an annual report to provide investors with information regarding the current and prospective impact of climate change on their portfolios. The Group reported to CDP that its CO2 emissions in 2008 for both Scope 1 (use of fossil fuels on site and in vehicles) and Scope 2 (use of electricity) was 4,000 tonnes of C02.

Corporate Social Responsibility

Many companies have calculated their carbon footprints but they have difficulties in assessing how well their performance compares with others. ENDS Carbon is a leading provider of carbon performance benchmarking and works with companies to develop fair and robust metrics to enable them to evaluate how effective their carbon management is relative to their peers and to identify opportunities for improvement. In 2009, the Group responded to a request from ENDS Carbon to make quantitative CO_2 data publicly available. This information was used in the Brand Emissions Leaders Project that rated the carbon emissions performance of over 600 major UK and global brands, both public and private, against their competitors. This rating will provide a baseline for future assessment of performance.

Every year UTV participates in "ARENA" Network's Environmental Benchmarking Survey. This survey aims to raise the profile of environmental issues in Northern Ireland's business community and to encourage improvement in environmental management and performance.

Targets

The table below outlines the Group's environmental impact in the year, where it has been possible to measure. The table also sets out the targets for 2010 and the key actions to be taken to achieve the target and/or to capture the baseline data.

Environmental Impact	*2009*	*2010 target*	*Proposed actions to achieve target*
CO_2 energy consumption (tonnes)	2,768	2% decrease	Progressive replacement of heating and lighting plant with higher efficiency units
CO_2 fuel consumption (tonnes)	1,283	2% decrease	Encourage staff to use public transport. Where possible, share car journeys Replace fleet vehicles with lower CO_2
Water usage (litres)	n/a	n/a	Collect data on water usage where possible
General waste generated (tonnes)	41,010	1% decrease	Increase staff awareness to waste
Recycled waste generated (tonnes)	9,570	1% increase	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.
The Remuneration Committee comprises three non-executive Directors appointed by the Board. It is chaired by K Lagan and its other member is H Kirkpatrick. S Reihill and R E Bailie were members until they resigned on 11 March 2009. The Committee determines an overall remuneration package for executive Directors and seeks to ensure comparability within the marketplace, paying particular attention to the remuneration levels of other companies in the Media industry in the UK. The Remuneration Committee is advised on Directors' remuneration by Hewitt New Bridge Street. This firm does not provide any other material advice to the Group.

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.

The Remuneration Committee reviews and approves all elements of the executive Directors' contracts and remuneration packages.

- All service contracts provide for notice periods from the Company and the executive Director of not more than twelve months.

- Basic salaries reflect remuneration levels in the media industry in the UK.

- The annual bonus scheme has been capped at 80% of basic salaries.

None of the 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. 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.

The individual components of the remuneration package for 2009 and subsequent years are described below.

Basic salary and benefits

The salary and benefits are reviewed annually. Benefits comprise a car, fuel, private healthcare 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. Based on the earnings achieved in 2009 no bonuses are payable.

Bonuses in 2010, which are not guaranteed, are capped to a maximum of 80% of basic salaries at the year end. Earnings growth based on continuing operations but before exceptional items of 19% is required in order to achieve the maximum bonus.

Report of the Board on Directors' Remuneration

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) 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 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 2009 award are given in note 27 and this reflects detailed summary 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.

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.

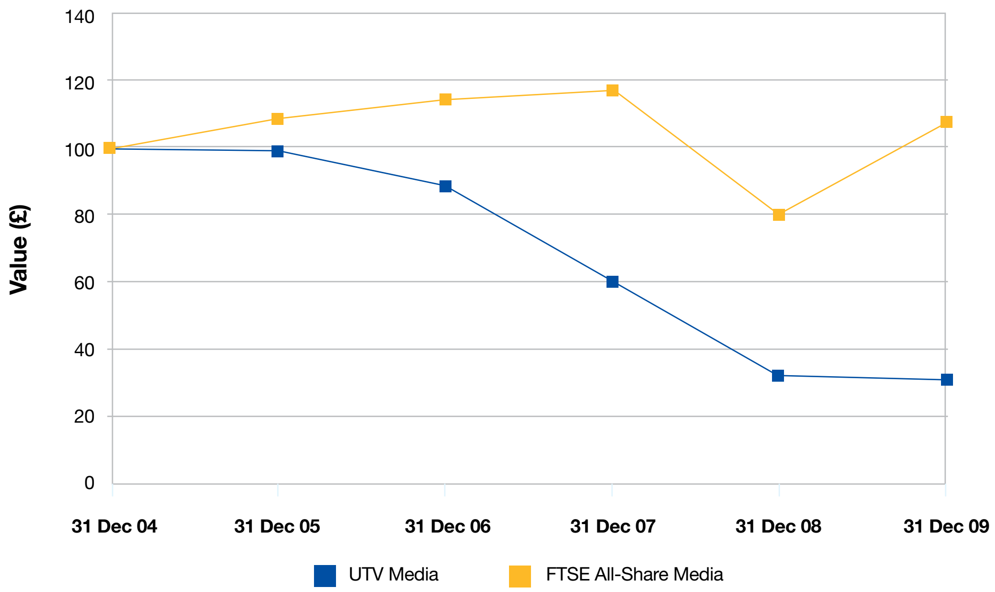
Report of the Board on Directors' Remuneration

Performance graph

This graph looks at the value, by the end of 2009, of £100 invested in UTV on 31 December 2004 compared with that of £100 invested in the FTSE All-Share Media Index. The other points plotted are the values at intermediate financial year-ends.

Total shareholder return

Source: Thomson Financial



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 fees for non-executive Directors are determined by the Board.
Directors' remuneration is made up as follows:

	Basic salary and fees £	*Benefits* £	*Bonus* £	*2009 Total* £	*2008 Total* £
Executive directors:					
J McCann	415,000	35,001	-	450,001	441,915
J R Downey	180,000	18,982	-	198,982	204,497
S Taunton	275,000	14,890	-	289,890	277,932
N McKeown	120,968	15,359	-	136,327	-
P O'Brien	-	-	-	-	397,156
Non-executive directors:					
J B McGuckian	85,000	33,892	-	118,892	118,885
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	9,867
	1,203,968	118,124	-	1,322,092	1,546,252

The remuneration amounts for N McKeown reflects his remuneration for the period from 11 March 2009 when he was appointed to the Board. The 2008 comparative amounts for P O'Brien reflects his remuneration for the period until he resigned on 29 July 2008 and a compensation payment for the loss of office amounting to £275,000, and those for S Reihill reflect his remuneration for the period from 10 September 2008 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 2009* £	*Increase, including inflation, in accrued pension during the year* £	*Accumulated total accrued pension at 31 December 2008* £
J McCann	4,808	76,200	265,339	10,914	254,425
S Taunton	5,348	31,700	27,557	5,868	21,689

	Transfer value of accrued pension at 31 December 2009 £	*Increase in transfer value of accrued pension* £	*Transfer value of accrued pension at 31 December 2008* £
J McCann	5,576,900	178,400	5,373,600
S Taunton	291,000	17,500	248,700

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 £24,900 and £24,800 respectively.

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 £758,000 (2008: £469,000) has been accrued by the company in respect of this. In the table above the figures relate to total pension entitlement from both sources - UTV Company pension scheme and the unfunded arrangement.

In addition the company contributed £18,145 (2008: £Nil) to a personal pension plan on behalf of N McKeown and £Nil (2008: £16,187) to a personal pension scheme on behalf of P O'Brien.

Report of the Board on Directors' Remuneration

Interests in share options

During 1999 the Company put in place a share option scheme to incentivise employees.

The following directors are able to subscribe for or acquire ordinary shares in the Company under the share option scheme.

	Year of grant	*Exercise price*	*At 31 December 2009 No.*	*At 31 December 2008 No.*
J McCann	1999	£1.81	-	297,874
	2001	£2.51	-	103,660
			-	401,534
J R Downey	1999	£1.81	-	88,185
			-	489,719

These options were exercisable until 28 April 2009. No options were exercised and thus all these options lapsed on 28 April 2009.

No further option grants are capable of being made under this scheme.

Interests in the long term incentive plan

The following directors were granted awards under the Company's long term incentive plan on 29 June 2006.

	At 1 January 2008 No.	*Interest awarded in the year No.*	*At 31 December 2008 No.*	*End of qualifying period*	*Market price at date of award*
J McCann	114,719	-	114,719	31 Dec 08	321.65p
J R Downey	48,188	-	48,188	31 Dec 08	321.65p
S Taunton	48,188	-	48,188	31 Dec 08	321.65p

The vesting of these awards was dependent upon the Company's total EPS growth over the three years from the commencement of the financial year in which the awards were granted. For awards to vest the total EPS growth was required to exceed RPI by at least 12%. As this was not achieved, no awards will vest.

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 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 vesting of these awards was dependent upon the Company's total EPS growth over three years from the commencement of the financial year in which the awards were granted. For awards to vest the total EPS growth was required to exceed RPI by at least 9%. As this was not achieved, no awards will vest.

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

	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	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 amount of awards granted in 2007 and 2008 that vests to each director increases in accordance with the level of EPS growth 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 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 RPI by 24%.

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 27 March 2009.

	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	-	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

There are two performance conditions applying to the awards granted in 2009. 75% of an award 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 an 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 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 pro rata 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.

K Lagan
Chairman of Remuneration Committee
13 April 2010

Report of the Directors

To be presented at the Annual General Meeting of the Company to be held on 18 May 2010.

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 2009.

2. Results and dividends for the year

The Group profit for the year, after taxation, amounted to £11,747,000 of which £11,136,000 is attributable to the members of the Company as detailed in the Group Income Statement.

Dividends amounting to £1,908,000 were paid during the year representing a final ordinary dividend for 2008 of 2.00p per share and an interim ordinary dividend for 2009 of Nil pence per share as detailed in Note 13.

A final dividend of £1,908,000 representing 2.00p per share, is proposed for approval at the Annual General Meeting. If approved, warrants in respect of it will be despatched on 15 July 2010 to shareholders on the register at the close of business on 28 May 2010.

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;
- 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 £4,000 (2008: £7,000). No donations were made for political purposes during the year (2008: £Nil).

Report of the Directors

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 DRT7.2.1 is provided within the Corporate Governance Section.

10. Treasury shares

At the 31 December 2009 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 111.2 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 111.1 of the Company's Articles of Association, J R Downey at the date of the Annual General Meeting will have held office for three years and therefore retires and offers himself 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 Directors and their families had interests in the shares of the Company as follows:

	At 31 December 2009 Ordinary shares of 5p each	*At 31 December 2008 Ordinary shares of 5p each*
J B McGuckian	71,950	71,950
J McCann	364,298	364,298
R E Bailie	871,896	424,210
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	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 19 March 2010.

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 note 14.

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'.

Report of the Directors

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 (from date of appointment on 20th November 2009) were trustees of the UTV Pension Scheme. J B McGuckian was a trustee until he resigned on the 20 November 2009. In terms of the Radio Partnership pension scheme The Wireless Group Limited was the trustee as represented by J McCann, J R Downey and S Taunton until 31 December 2009 when the scheme merged with 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 30.

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 19 March 2010.

Up to 19 March 2010 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 Article 219 of the Companies (Northern Ireland) Order 1986.

	Ordinary shares	*Percentage of that class*
TVC Holdings (1)	17,240,262	17.98%
Organo Investments	15,982,367	16.67%
Fidelity International Limited	9,321,202	9.72%
Milestone Trust	4,625,000	4.82%
Legal & General Investment Management	4,445,014	4.63%
BlackRock	3,879,401	4.05%

(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 2009, the Company's issued share capital comprised:

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

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

Ordinary shares

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

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

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

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

Significant interests

Directors' interests in the share capital of the Company are set out in point 11. Major interests (being 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 Annual General Meeting 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.

Report of the Directors

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

N McKeown
Company Secretary
13 April 2010

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; and
- state that the Group has complied with International Financial Reporting Standards, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping 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 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 13 April 2010 and the above responsibility statement was signed on its behalf by the Group Chief Executive.

John McCann
Group Chief Executive
13 April 2010

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 2009 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Cash Flow Statement, Statement of Changes in Equity and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement as set out on page 53, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the group 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 (APB'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 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the group financial statements; and
- the information given in the Corporate Governance Statement set out on pages 24 to 32 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 following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement on page 48, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 24 to 32 relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Other matter

We have reported separately on the parent company financial statements of UTV Media plc for the year ended 31 December 2009 and on the information in the Directors' Remuneration Report that is described as having been audited.

ERNST & YOUNG

David Graham Galbraith (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
13 April 2010

Group Income Statement

For the year ended 31 December 2009

	Notes	***Results before Exceptional Items 2009 £000***	*Exceptional Items 2009 £000*	*Total 2009 £000*	***Results before Exceptional Items 2008 £000***	*Exceptional Items 2008 £000*	*Total 2008 £000*
Continuing operations							
Revenue	3	**112,079**	-	112,079	**119,670**	-	119,670
Operating costs	5	**(88,396)**	-	(88,396)	**(91,374)**	-	(91,374)
Operating profit from continuing operations before tax and finance costs		**23,683**	-	23,683	**28,296**	-	28,296
Non-operational exceptional costs	4	**-**	(564)	(564)	**-**	(3,159)	(3,159)
Share of results of associates accounted for using the equity method		**291**	-	291	**260**	-	260
Profit from continuing operations before tax and finance costs	3	**23,974**	(564)	23,410	**28,556**	(3,159)	25,397
Finance revenue	8	**89**	-	89	**382**	-	382
Finance costs	9	**(5,848)**	-	(5,848)	**(8,526)**	(1,367)	(9,893)
Foreign exchange (loss)/gain		**(129)**	-	(129)	**316**	-	316
Profit from continuing operations before tax		**18,086**	(564)	17,522	**20,728**	(4,526)	16,202
Taxation	10	**(3,663)**	(1,492)	(5,155)	**(4,523)**	(378)	(4,901)
Profit from continuing operations after tax	3	**14,423**	(2,056)	12,367	**16,205**	(4,904)	11,301
Discontinued operations							
Loss from discontinued operations	11	**(321)**	(299)	(620)	**(1,371)**	(669)	(2,040)
Profit for the year		**14,102**	(2,355)	11,747	**14,834**	(5,573)	9,261
Attributable to:							
Equity holders of the parent		**13,491**	(2,355)	11,136	**14,553**	(5,573)	8,980
Minority interests		**611**	-	611	**281**	-	281
		14,102	(2,355)	11,747	**14,834**	(5,573)	9,261

	Notes	**2009**	**2008**
Earnings per share			
Continuing operations			
Basic and diluted	12	12.32p	14.26p
Adjusted and diluted adjusted	12	14.49p	20.61p
From continuing and discontinued operations			
Basic and diluted	12	11.67p	11.62p
Adjusted and diluted adjusted	12	14.15p	18.84p

Group Statement of Comprehensive Income

For the year ended 31 December 2009

	Notes	2009 £000	2008 £000
Profit for the year		**11,747**	**9,261**
Other comprehensive income			
Exchange difference on translation of foreign operations		(6,214)	17,293
Actuarial loss on defined benefit pension schemes	31	(3,274)	(7,813)
Cash flow hedges:			
Loss arising during the year		(1,019)	(1,855)
Less transfers to the income statement		1,857	(1,005)
Tax relating to other comprehensive income	10	694	2,730
Other comprehensive (loss)/income for the year, net of tax		(7,956)	9,350
Total comprehensive income for the year, net of tax		3,791	18,611
Attributable to:			
Equity holders of the parent		3,180	18,330
Minority interests		611	281
		3,791	18,611

Group Balance Sheet

At 31 December 2009

ASSETS	Notes	2009 £000	2008 £000
Non-current assets			
Property, plant and equipment	14	11,440	11,581
Intangible assets	15	261,030	270,542
Investments accounted for using the equity method	17	137	151
Deferred tax asset	10	14,255	16,783
		286,862	299,057
Current assets			
Inventories	20	332	491
Trade and other receivables	21	32,915	30,895
Cash and short term deposits	22	8,434	9,280
		41,681	40,666
TOTAL ASSETS		328,543	339,723
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Equity share capital	28	55,557	55,557
Capital redemption reserve	29	50	50
Treasury shares	29	(1,258)	(1,258)
Foreign currency reserve	29	12,432	18,646
Cash flow hedge reserve	29	(821)	(1,455)
Retained earnings		63,409	56,475
		129,369	128,015
Minority interest		747	593
TOTAL EQUITY		130,116	128,608
Non-current liabilities			
Financial liabilities	24	88,532	108,267
Pension liability	31	10,999	8,593
Provisions	26	1,060	1,100
Deferred tax liabilities	10	49,580	49,037
		150,171	166,997
Current liabilities			
Trade and other payables	23	36,793	31,612
Financial liabilities	24	8,374	8,650
Derivative financial liabilities	19	1,100	1,958
Tax payable		1,540	1,556
Provisions	26	449	342
Net current liabilities		48,256	44,118
TOTAL LIABILITIES		198,427	211,115
TOTAL EQUITY AND LIABILITIES		328,543	339,723

The financial statements were approved by the Board of Directors and authorised for issue on 13 April 2010. They were signed on its behalf by:

J McCann
N McKeown } Directors

Group Cash Flow Statement

For the year ended 31 December 2009

	Notes	2009 £000	2008 £000
Operating activities			
Profit before tax		16,767	13,575
Adjustments to reconcile profit before tax to net cash flows from operating activities			
Foreign exchange loss/(gain)		129	(316)
Net finance costs before exceptional costs		5,759	8,144
Share of results of associates		(291)	(260)
Non-operational exceptional costs		873	5,245
Depreciation of property, plant and equipment	14	1,816	1,879
Difference between pension contributions paid and amounts recognised in the income statement		(867)	(1,435)
Decrease in inventories		159	6
(Increase)/Decrease in trade and other receivables		(2,198)	417
Increase in trade and other payables		6,952	2,095
(Decrease)/increase in provisions		(246)	113
Profit from sale of property, plant and equipment		(29)	(5)
Share based payments		82	(417)
Cash generated from operations before exceptional costs		28,906	29,041
Exceptional costs		(1,781)	(1,492)
Tax paid		(279)	(443)
Net cash inflow from operating activities		26,846	27,106
Investing activities			
Interest received		96	409
Proceeds on disposal of property, plant and equipment		111	16
Purchase of property, plant and equipment		(2,697)	(1,963)
Dividends received from associates		227	154
Proceeds from disposal of subsidiary undertaking and business units		-	140
Proceeds from disposal of investment & joint venture		-	-
Outflow on acquisition of subsidiary undertaking		(154)	(46,108)
Acquisition of trade and net assets		(217)	(100)
Net cash flows from investing activities		(2,634)	(47,452)
Financing activities			
Borrowing costs		(3,822)	(10,875)
Swap (cost)/income		(1,857)	1,005
Acquisition of treasury shares		-	(518)
Dividends paid to equity shareholders	13	(1,911)	(7,877)
Dividends paid to minority interests		(457)	-
Repayment of borrowings		(16,765)	(51,806)
Proceeds from borrowings		-	41,705
Rights issue		(50)	47,529
Net cash flows used in financing activities		(24,862)	19,163
Net decrease in cash and cash equivalents		(650)	(1,183)
Net foreign exchange differences		(196)	226
Cash and cash equivalents at 1 January		9,280	10,237
Cash and cash equivalents at 31 December	22	8,434	9,280

Group Statement of Changes in Equity

For the year ended 31 December 2009

Year ended 31 December 2009

	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**
Total net comprehensive income/(loss) in the year	-	-	-	(6,214)	634	8,760	**3,180**	611	**3,791**
Dividends paid to minority shareholders	-	-	-	-	-	-	**-**	(457)	**(457)**
Share based payment	-	-	-	-	-	82	**82**	-	**82**
Dividends paid to equity shareholders	-	-	-	-	-	(1,908)	**(1,908)**	-	**(1,908)**
At 31 December 2009	55,557	50	(1,258)	12,432	(821)	63,409	**129,369**	747	**130,116**

Year ended 31 December 2008

	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 2008	8,086	50	(740)	1,353	902	61,405	**71,056**	312	**71,368**
Total net comprehensive income/(loss) in the year	-	-	-	17,293	(2,357)	3,394	**18,330**	281	**18,611**
Acquisition of treasury shares	-	-	(518)	-	-	-	**(518)**	-	**(518)**
Rights issue proceeds	49,869	-	-	-	-	-	**49,869**	-	**49,869**
Rights issues costs	(2,398)	-	-	-	-	-	**(2,398)**	-	**(2,398)**
Share based payment	-	-	-	-	-	(417)	**(417)**	-	**(417)**
Dividends paid to equity shareholders	-	-	-	-	-	(7,907)	**(7,907)**	-	**(7,907)**
At 31 December 2008	55,557	50	(1,258)	18,646	(1,455)	56,475	**128,015**	593	**128,608**

Notes to the Group Financial Statements

For the year ended 31 December 2009

1. Corporate information

The Group's financial statements for the year ended 31 December 2009 were authorised for issue by the Board of the Directors on 13 April 2010 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 2009. 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 2009 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 2009:

- IAS1 (revised) "Presentation of Financial Statements". The revised standard separates owner and non-owner changes in equity. The statement of changes in equity is now a primary statement and includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements. As a consequence of the revised standard, tax arising on items taken to equity but unrelated to items in the income statement or the statement of other comprehensive income, is recorded directly in the statement of changes in equity.

- IFRS8 "Operating Segments". In adopting IFRS8 the Group concluded that the operating segments were the same business segments determined under IAS14 "Segment Reporting". Details of these operating segments are disclosed in note 3.

- IAS23 "Borrowing Costs" (revised). The revised standard requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the revised standard, the Group has adopted the standard on a prospective basis. The implementation of this policy has had no material impact on the Group's financial statements.

- Early adoption of the amendment to paragraph 23 of IFRS 8 'Operating Segments' in the Improvements to IFRS April 2009 and not disclosed total assets information for each reportable segment.

- IFRS 7 "Amendments to IFRS 7 Improving Disclosures about Financial Instruments". These amendments enhance disclosures over fair value measurements relating to financial instruments and improving disclosures over liquidity risk. Specifically, as a result of adopting the amendment, the Group has introduced a three-level disclosure hierarchy for financial instruments held at fair value (see note 30). The liquidity risk disclosures are not significantly impacted by the amendments. The adoption of this accounting standard only impacts presentation aspects and has been applied without applying the transitional provisions allowed by the amendments.

- IFRS 2 "Amendment to IFRS 2 – Vesting conditions and cancellations" clarifies the definition of vesting conditions and prescribes the treatment for an award that is cancelled. This amendment did not have an impact on the financial position or performance of the Group.

- IFRIC 14 "The Limit in a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". IFRIC 14 provides guidance on how to assess the limit on the amount of a surplus in a defined benefit scheme that can be recognised under IAS 19 "Employee Benefits". Since the Group's defined benefit schemes have been in deficit the adoption of this interpretation has had no impact on the Group's financial position or performance.

Notes to the Group Financial Statements

2. Summary of accounting policies (continued)

- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation". IFRIC 16 provides guidance on the accounting for a hedge of a net investment. As such it provides guidance on identifying the foreign currency risks that qualify for hedge accounting in the hedge of a net investment, where within the group the hedging instruments can be held in the hedge of a net investment and how an entity should determine the amount of foreign currency gain or loss, relating to both the net investment and the hedging instrument, to be recycled on disposal of the net investment. Adoption of this interpretation has had no impact on the Group's financial position or performance.

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

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

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

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

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

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 31).

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.

Notes to the Group Financial Statements

For the year ended 31 December 2009

2. Summary of accounting policies (continued)

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.

Financial assets
Financial assets in the scope of IAS 39 are classified as available-for-sale financial assets or loans and receivables as appropriate. The Group determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Loans and receivables
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 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 the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

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

Notes to the Group Financial Statements

For the year ended 31 December 2009

2. Summary of accounting policies (continued)

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

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

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

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

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

Goodwill

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

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

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

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

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

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.

Notes to the Group Financial Statements

For the year ended 31 December 2009

2. Summary of accounting policies (continued)

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

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

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

Impairment of assets

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

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

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

Programmes and sundry stocks

Programmes completed but not transmitted and programmes in the course of production are valued at cost, being directly attributable materials, labour and overheads. Programmes are written off on first transmission. Sundry stocks are valued at the lower of purchase cost and net realisable value. Net realisable value is the estimated selling price less applicable selling expenses.

Trade and other receivables

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

Cash and cash equivalents

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

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

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.

Notes to the Group Financial Statements

For the year ended 31 December 2009

2. Summary of accounting policies (continued)

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.

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 discounting the expected cash flows 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
Until 31 December 2009 when the two schemes merged the Group operated two defined benefit pension schemes, both of which require contributions to be made to separately administered funds. The cost of providing benefits under the plans is determined separately for each plan using an independent actuarial valuation. This is based on the projected unit credit method and is recognised in accordance with the advice of qualified actuaries. 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 a 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.

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
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

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.

Notes to the Group Financial Statements

For the year ended 31 December 2009

2. Summary of accounting policies (continued)

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. The Group capitalises borrowing costs for all eligible assets where construction was commenced on or after 1 January 2009. The Group continues to expense borrowing costs relating to construction projects that commenced prior to 1 January 2009.

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.

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
- Interest: as interest accrues using the effective interest method

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

Notes to the Group Financial Statements

For the year ended 31 December 2009

2. Summary of accounting policies (continued)

Taxation (continued)

- 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.

Taxation (continued)

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.

Share based payments

The Group has a long term incentive share scheme under which it makes equity-settled share-based payments to eligible employees. Equity-settled share-based payments are measured at fair value at the date of grant. The cost of equity-settled payments is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled payments at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a 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. Fair value is estimated using appropriate models for the particular awards under consideration, further details of which are given in note 27. In valuing equity settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

Where the terms of an equity-settled payments award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

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 2009

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 apporopriate valuation techniques which use market observable iinputs as prevailing market rates at each balance sheets 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 32	Financial instruments: Presentation - Classification of Rights Issues	1 February 2010
IAS 39	Recognition and Measurement: Eligible Hedged Items	1 July 2009
IFRS 3R	Business Combinations	1 July 2009
IAS 27	Amendments to Consolidated and Separate Financial Statements	1 July 2009
IAS 24	Revised Related Party Disclosures	1 January 2011
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2013
Improvements to IFRS (April 2009)		Various
International Financial Reporting Interpretations Committee (IFRIC)		
Amendments to IFRIC 9 and IAS 39 Embedded Derivatives		30 June 2009
Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement		1 January 2011

* for periods beginning on or after

Notes to the Group Financial Statements

For the year ended 31 December 2009

2. Summary of accounting policies (continued)

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, other than should the Group make an acquisition following the adoption of IFRS 3, in which case the requirement for acquisition-related costs to be expensed and not included in the purchase price, and for contingent consideration to be recognised at fair value on the acquisition date (with subsequent changes recognised in the income statement and not as a change to goodwill) could have an impact on any business combinations.

Whilst some of the above new standards will have no impact on the measurement of the Group's results or net assets it is likely to result in certain changes in the presentation of the Group's financial statements from 2010 onwards.

Notes to the Group Financial Statements

For the year ended 31 December 2009

3. Revenue and segmental analysis

(a) Operating segments

The Group operates in four principal areas of activity – radio in GB, radio in Ireland, commercial television and new media. These four principal areas of activity also form the basis on which the Group is managed and reports are provided to the Chief Executive and the Board. Discontinued operations relate to 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 2009 and 2008.

Revenue

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

Year ended 31 December 2008

	Radio GB £000	*Radio Ireland £000*	*Television £000*	*New Media £000*	*Total £000*
Sales to third parties	45,287	24,870	38,001	11,512	119,670
Intersegmental sales	1,005	1,173	1,317	-	3,495
	46,292	26,043	39,318	11,512	123,165

Notes to the Group Financial Statements

For the year ended 31 December 2009

3. Revenue and segmental analysis (continued)

(a) Operating segments (continued)

Results

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

Year ended 31 December 2008

	Radio GB £000	Radio Ireland £000	Television £000	New Media £000	Total £000
Segment operating profit before exceptional costs	**10,646**	**8,028**	**7,650**	**1,972**	**28,296**
Associate income					260
Profit before exceptional costs, tax and finance costs					28,556
Exceptional costs					(4,526)
					24,030
Net finance cost					(8,144)
Foreign exchange gain					316
Profit before taxation					16,202

Notes to the Group Financial Statements

For the year ended 31 December 2009

3. Revenue and segmental analysis (continued)

(a) Operating segments (continued)

Other segmental information

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

Year ended 31 December 2008

	Radio GB £000	*Radio Ireland £000*	*Television £000*	*New Media £000*	*Total £000*
Depreciation	464	478	619	180	1,741

(b) Geographic information

Turnover is generated from GB and Ireland. The following tables present revenue information regarding the Group's geographical segments for the years ended 31 December 2009 and 2008. 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.

Revenue from continuing operations

Year ended 31 December 2009

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

Year ended 31 December 2008

	Ireland £000	GB £000	Total £000
Sales to third parties	56,278	63,392	119,670

Notes to the Group Financial Statements

For the year ended 31 December 2009

4. Exceptional items

	Continuing Operations		*Discontinued Operations*		*Total*	
	2009 £000	*2008 £000*	*2009 £000*	*2008 £000*	*2009 £000*	*2008 £000*
Fundamental restructuring costs	(344)	(2,859)	(309)	(719)	(653)	(3,578)
Impairment of investment	(220)	(300)	-	-	(220)	(300)
	(564)	(3,159)	(309)	(719)	(873)	(3,878)

Fundamental restructuring costs
In 2008, the Group undertook a review and fundamental restructuring of its operations. This resulted in the disposal or closure of radio stations; the consolidation of operations in both GB and Ireland; and the rationalisation of the television operations in line with the reduction in local programming hours introduced by Ofcom. In 2009, this fundamental restructuring continued in Radio GB, with the further disposal or closure of loss making stations.

Impairment of investments
In 2008 Channel 4 cancelled its plans to invest further in a new digital radio platform and thus the 4 Digital consortium which it led. Following this decision, in 2008 UTV wrote off its 10% investment in the 4 Digital.

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.

The exceptional tax charge of £1,492,000 (2008: charge of £378,000) reflects the tax credit of £69,000 (2008: £772,000) on the exceptional costs outlined above plus a credit of £Nil (2008: £169,000) on the exceptional finance charges and net of the exceptional deferred tax charge of £1,561,000 (2008: £1,319,000) explained within note 10.

The exceptional finance charge in 2008 of £1,376,000 is explained within note 9.

5. Group Operating Costs

	Continuing Operations		*Discontinued Operations*		*Total*	
	2009 £000	*2008 £000*	*2009 £000*	*2008 £000*	*2009 £000*	*2008 £000*
Purchase of programmes	10,552	12,349	-	5	10,552	12,354
Sales related costs	14,929	15,239	140	398	15,069	15,637
Other programme and operating costs	28,705	28,384	434	2,056	29,139	30,440
Staff costs (note 7)	30,093	30,656	227	1,164	30,320	31,820
Depreciation of property, plant and equipment	1,776	1,741	40	138	1,816	1,879
Licence payments	853	1,126	-	15	853	1,141
Operating lease rentals						
- equipment & motor vehicles	591	819	-	63	591	882
- land and buildings	1,240	1,362	-	-	1,240	1,362
Rental income	(314)	(297)	-	-	(314)	(297)
Profit on disposal of property, plant and equipment	(29)	(5)	-	-	(29)	(5)
	88,396	91,374	841	3,839	89,237	95,213

Notes to the Group Financial Statements

For the year ended 31 December 2009

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.

	2009 *£000*	*2008* *£000*
Audit of financial statements	48	51
Other fees		
Local statutory audits of subsidiaries	168	177
Other services pursuant to legalisation	17	17
Audit of the group pension schemes	4	4
Other services relating to taxation	183	108
Corporate finance fees	-	450
All other services	17	7
	389	763

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*	
	2009 *£000*	*2008* *£000*	*2009* *£000*	*2008* *£000*	*2009* *£000*	*2008* *£000*
Wages and salaries	26,276	27,308	207	1,058	26,483	28,366
Social security costs	2,620	2,648	20	106	2,640	2,754
Other pension costs	1,197	700	-	-	1,197	700
	30,093	30,656	227	1,164	30,320	31,820

Included within social security costs is a credit relating to share options of £Nil (2008: credit of £34,000). Included within wages and salaries is a charge relating to the share-based payments of £82,000 (2008: credit of £417,000).

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

	2009 No.	2008 No.
Radio GB	372	415
Radio Ireland	273	299
Television	190	218
New Media	79	72
	914	1,004

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 2009

8. Finance revenue

	2009	*2008*
	£000	*£000*
Bank interest received and receivable	89	382

9. Finance costs

	2009	2008
	£000	£000
Bank loans and overdrafts	3,991	9,531
Loss/(gain) on interest rate swap	1,857	(1,005)
Total finance costs	5,848	8,526

Exceptional finance charges of £1,367,000 in 2008 relate to deferred financing costs in respect of the original debt facilities as part of the refinancing of the group debt facilities in July 2008.

Notes to the Group Financial Statements

For the year ended 31 December 2009

10. Taxation

(a) Tax on profit on ordinary activities

	2009 £000	2008 £000
Current income tax:		
UK corporation tax on profits for the year	(482)	(1,090)
Adjustments in respect of previous years	470	800
	(12)	(290)
Foreign tax:		
ROI corporation tax on profits for the year	(376)	(764)
Adjustments in respect of previous years	(34)	-
	(410)	(764)
Total current tax	(422)	(1,054)
Deferred tax:		
Origination and reversal of timing differences	(3,348)	(2,931)
Adjustments in respect of previous years	232	-
Tax charge in the income statement on operating activities	(3,538)	(3,985)
Tax credit arising on exceptional costs	79	991
Exceptional deferred tax (charge)/credit	(1,561)	(1,319)
Total tax (charge)/credit	(5,020)	(4,313)
The tax charge in the Income Statement is disclosed as:		
Tax expense on continuing operations	(5,155)	(4,901)
Tax credit on discontinued operations	135	588
Tax charge in the income statement	(5,020)	(4,313)
Tax relating to items in the Statement of Comprehensive Income		
Deferred tax:		
Actuarial gain on pension schemes	917	2,193
Revaluation of cash flow hedges	(223)	732
Valuation of long term incentive plan	-	(195)
Tax credit in the statement of comprehensive income	694	2,730

Notes to the Group Financial Statements

For the year ended 31 December 2009

10. Taxation (continued)

(b) Factors affecting the tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 28% (2008: 28.5%). The differences are reconciled below:

	2009 *£000*	*2008* *£000*
Profit from continuing operations before tax	17,522	16,202
Loss from discontinued operations before tax	(755)	(2,891)
Gain on disposal of discontinued operations	-	264
Profit on ordinary activities	16,767	13,575
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 28.5%)	(4,695)	(3,869)
Effects of:		
Expenses not allowed for tax purposes	(25)	(424)
Utilisation of tax losses previously not recognised	322	-
Non-qualifying depreciation/amortisation	(28)	-
Lower taxes on overseas earnings	465	948
Tax overprovided in previous years	668	800
Exceptional costs not allowed for tax purposes	(166)	(449)
Exceptional deferred tax (charge)/credit	(1,561)	(1,319)
Tax charge for the period	(5,020)	(4,313)

(c) Exceptional charge

During the year, the capital gains tax rate in the Republic of Ireland was revised from 22% to 25% (2008: from 20% to 22%). 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 of £1,561,000 (2008: £1,117,000).

In 2008, the deferred tax was adjusted to reflect the phasing out of industrial building allowances in the UK. This resulted in an exceptional charge of £202,000 as a result of temporary differences in respect of ACA's.

(d) Unrecognised tax losses

The Group has tax losses which arose in the UK of £20,500,000 (2008: 21,965,000) 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.

(e) Temporary differences associated with group investments

At 31 December 2009, there was no recognised deferred tax liability (2008: £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 £2,604,000 (2008: £2,659,000). 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.

Notes to the Group Financial Statements

For the year ended 31 December 2009

10. Taxation (continued)

(f) Deferred tax

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

Deferred tax liability

	2009 *£000*	*2008* *£000*
Valuation of intangible assets on acquisition	49,092	48,443
Accelerated capital allowances	488	594
Deferred tax liability	49,580	49,037

	2009 *£000*	*2008* *£000*
Balance at 1 January	49,037	38,420
Credited to the income statement	(106)	38
Recognised on the acquisition of a subsidiary	-	7,447
Foreign exchange movement	(912)	2,041
Credited to the statement of comprehensive income	-	(228)
Charge due to change in ROI capital gains tax rate	1,561	1,117
Change due to phasing out of IBAs	-	202
Deferred tax liability	49,580	49,037

Deferred tax asset

	2009 *£000*	*2008* *£000*
Pension liability	2,758	2,406
Valuation of interest rate swap	279	503
Accelerated capital allowances	632	718
Other temporary differences	1,359	1,071
Tax losses carried forward	9,227	12,085
Deferred tax asset	14,255	16,783

	2009 *£000*	*2008* *£000*
Balance at 1 January	16,783	17,060
Charged to the income statement	(3,222)	(2,779)
Credited to the statement of comprehensive income	694	2,502
Deferred tax asset	14,255	16,783

Notes to the Group Financial Statements

For the year ended 31 December 2009

10. Taxation (continued)

(f) Deferred tax (continued)

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

	2009 £000	2008 £000
Deferred tax in the income statement		
Accelerated capital allowances	(141)	(163)
Tax losses carried forward	(2,805)	(2,485)
Other temporary differences	(354)	(283)
Deferred income tax expense on operational activities	(3,300)	(2,931)
Adjustment in respect of previous years	232	-
Deferred tax on exceptional costs	-	163
Exceptional deferred tax (charge)/credit	(1,561)	(1,319)
Total deferred tax charge	(4,629)	(4,087)

11. Discontinued operations

Central FM was sold on the 8 January 2010 for a nominal sum and Valleys Radio was closed on 30 April 2009. Wave 102 was sold on 12 May 2008 and Imagine FM on 31 December 2008, with combined cash proceeds totalling £140,000. In addition talk107 was closed on 23 December 2008. The results of discontinued operations for the period until closure or disposal are included as discontinued operations in the Group Income Statement as follows:

	Results before exceptional items 2009 £'000	*Exceptional items 2009 £'000*	*Total 2009 £000*	*Results before exceptional items 2008 £000*	*Exceptional items 2008 £'000*	*Total 2008 £'000*
Revenue	395	-	395	1,930	-	1,930
Operating costs	(841)	-	(841)	(3,839)	-	(3,839)
Operating loss	(446)	-	(446)	(1,909)	-	(1,909)
Non operational exceptional costs	-	(309)	(309)	-	(983)	(983)
Loss before tax from discontinued operations	(446)	(309)	(755)	(1,909)	(983)	(2,892)
Current tax credit	125	10	135	538	50	588
Loss after tax from discontinued operations	(321)	(299)	(620)	(1,371)	(933)	(2,304)
Profit on disposal of discontinued operations	-	-	-	-	264	264
Loss from discontinued operations	(321)	(299)	(620)	(1,371)	(669)	(2,040)

Notes to the Group Financial Statements

For the year ended 31 December 2009

11. Discontinued operations (continued)

The cash flows of the discontinued operations which have been included in the Group cash Flow statement are as follows:

	2009 £000	2008 £000
Net cash outflow from operating cash flows	(449)	(2,070)
Net cash flows used in investing activities	-	140

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. The weighted average number of ordinary shares for the year ended 31 December 2008 reflects the bonus element of the 2 for 3 rights issue of ordinary shares in July 2008.

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

	2009			*2008*		
	Continuing Operations £000	*Discontinued Operations £000*	*Total £000*	*Continuing Operations £000*	*Discontinued Operations £000*	*Total £000*
Net profit attributable to equity holders	11,756	(620)	11,136	11,020	(2,040)	8,980
Exceptional items	564	309	873	4,526	719	5,245
Taxation relating to above items	(69)	(10)	(79)	(941)	(50)	(991)
Exceptional tax charge/credit	1,561	-	1,561	1,319	-	1,319
Total adjusted and diluted profit attributable to equity holders	13,812	(321)	13,491	15,924	(1,371)	14,553

Weighted average number of shares

	2009 thousands	*2008 thousands*
Weighted average number of shares for basic and adjusted earnings per share (excluding treasury shares)	95,403	77,274

Earnings per share

	2009	2008
From continuing and discontinued operations		
Basic	11.67p	11.62p
Adjusted and diluted adjusted	14.15p	18.84p
From continuing operations		
Basic	12.32p	14.26p
Adjusted and diluted adjusted	14.49p	20.61p
From discontinuing operations		
Basic	(0.65p)	(2.64p)
Adjusted and diluted adjusted	(0.34p)	(1.77p)

Notes to the Group Financial Statements

For the year ended 31 December 2009

13. Dividends

	2009 £000	2008 £000
Equity dividends on ordinary shares		
Declared and paid during the year		
Final for 2008: 2.00p (2007: 8.30p)	1,908	4,759
Interim for 2009: Nil (2008: 3.30p)	-	3,148
Dividends paid	1,908	7,907
Proposed for approval at Annual General Meeting		
(not recognised as a liability at 31 December)		
Final dividend for 2009: 2.00p (2008: 2.00p)	1,908	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 2008	7,984	1,447	18,083	27,514
Exchange adjustment	403	172	1,223	1,798
Acquisition of subsidiaries	-	3	324	327
Additions	4	736	1,814	2,554
Disposals	-	(464)	(980)	(1,444)
At 31 December 2008	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
Depreciation and impairment				
At 1 January 2008	2,601	383	14,078	17,062
Exchange adjustment	54	82	1,059	1,195
Charge for the year	10	117	1,752	1,879
Disposals	-	(176)	(792)	(968)
At 31 December 2008	2,665	406	16,097	19,168
Exchange adjustment	(17)	(26)	(363)	(406)
Charge for the year	34	93	1,689	1,816
Disposals	-	(191)	(1,572)	(1,763)
At 31 December 2009	2,682	282	15,851	18,815
Net book value				
At 31 December 2009	5,677	1,460	4,303	11,440
At 31 December 2008	5,726	1,488	4,367	11,581
At 1 January 2008	5,383	1,064	4,005	10,452

At 31 December 2009 the Group had entered into Sterling and Euro contractual commitments for the acquisition of property, plant and equipment amounting to £22,000 (2008: £252,000).

Notes to the Group Financial Statements

For the year ended 31 December 2009

15. Intangible assets

	Licences *£000*	*Goodwill* *£000*	*Total* *£000*
Cost			
At 1 January 2008	150,949	53,556	204,505
Acquisitions of subsidiaries	37,235	16,678	53,913
Exchange adjustment	10,201	16,800	27,001
At 31 December 2008	198,385	87,034	285,419
Additions	-	312	312
Exchange adjustment	(4,110)	(5,714)	(9,824)
At 31 December 2009	194,275	81,632	275,907
Impairment			
At 1 January 2008	(13,400)	(1,477)	(14,877)
Charge in the year	-	-	-
At 31 December 2008	(13,400)	(1,477)	(14,877)
Charge in the year	-	-	-
At 31 December 2009	(13,400)	(1,477)	(14,877)
Net book value			
At 31 December 2009	180,875	80,155	261,030
At 31 December 2008	184,985	85,557	270,542
At 1 January 2008	137,549	52,079	189,628

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 2009 indicated no impairment on these assets.

Additions in 2008 represent the value of goodwill arising on the acquisition of Tibus plus value of the licence and goodwill arising on the acquisition of FM104, as outlined in note 18. Additions in 2009 represent the contingent consideration amounting to £301,000 on Tibus plus goodwill in Sport Magazine acquired by talkSPORT Limited.

Notes to the Group Financial Statements

For the year ended 31 December 2009

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% (2007: 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 13.2% (2008: 11.8%) and for ROI is 10.8% (2008: 9.7%).

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

	talkSPORT		*Local Radio*		*Radio Ireland*		*New Media*		*Total*	
	2009	*2008*	*2009*	*2008*	*2009*	*2008*	*2009*	*2008*	*2009*	*2008*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Goodwill	-	-	446	435	72,264	77,978	7,445	7,144	80,155	85,557
Licences	48,024	48,024	81,083	81,083	51,768	55,878	-	-	180,875	184,985
	48,024	48,024	81,529	81,518	124,032	133,856	7,445	7,144	261,030	270,542

The licence for FM104 is included in Radio Ireland at a value of £41,637,000 (€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 Working 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 13.2% (2008: 11.8%) and 10.8% (2008: 9.7%) 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.

Notes to the Group Financial Statements

For the year ended 31 December 2009

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

The critical assumptions for radio relate to advertising revenue. In Radio GB industry forecasts are predicting that the market will be up by 0% to 5% in 2010. In Ireland there are no market forecasts available but the assumption is that this market, like the UK, will also start to see recovery. The 2010 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. Indicators of the upturn in advertising revenue are already visible in the 2010 performance and, based on this, management have forecast a return to the pre-recession performance by 2012 in both Radio GB and Radio Ireland. From 2013 the market is expected to show a more steady growth, forecast to be between 2% per annum and 7% per annum.

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 2010 and performance will be comparable to 2009. From 2011 through to 2014 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 from investment in the strategy of New Media.

Sensitivity to changes in assumptions
With regard to the assessment of value in use of the cash generating units, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to exceed its recoverable amount.

17. Investments

(a) Group

	2009 *£000*	*2008* *£000*
Investment in associates accounted for using the equity method	137	151

The investments in the Group accounts comprise of:

	Country of incorporation	*Percentage of shares held*	*Nature of business*
Associate undertakings			
Digital Radio Group (London) Limited	England	*30.2%	Commercial radio

* held by a subsidiary undertaking

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

	2009 *£000*	*2008* *£000*
Share of associates' balance sheet		
Non-current assets	14	18
Current assets	356	340
Share of gross assets	370	358
Current liabilities	233	207
Non-current liabilities	-	-
Share of gross liabilities	233	207
Share of net assets	137	151

	2009 *£000*	*2008* *£000*
Revenue	469	547
Profit after tax	213	184

Notes to the Group Financial Statements

For the year ended 31 December 2009

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 2009 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 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

Notes to the Group Financial Statements

For the year ended 31 December 2009

17. Investments (continued)

(c) Joint ventures

As at 31 December 2008 and 2009 there was one joint venture company, First Radio Sales Limited. The revenue, expenditure, asset and liability information relating to the joint venture proportionately consolidated in the Group accounts is disclosed below.

Attributable to joint ventures:	*2009* *£000*	*2008* *£000*
Revenue	947	1,035
Operating costs	(685)	(702)
Finance income	-	12
Profit before tax	262	345
Taxation	-	-
Profit for the year	262	345
Current assets	1,814	1,475
Current liabilities	1,635	1,364
Non-current liabilities	-	-

Notes to the Group Financial Statements

For the year ended 31 December 2009

18. Business combinations

(a) Tibus

On 12 February 2008 the Group acquired the entire issued share capital of Holbeck Enterprises Limited, a dormant holding company which owns 100% of the issued share capital of The Internet Business Limited (trading as 'Tibus'). The total cash consideration recognised in 2008 and paid to date amounts to £4,000,000 for the business acquired and £50,000 for costs.

In line with the terms of the share purchase agreement, a contingent consideration amounting to £289,000 plus £12,000 for costs, was recognised in 2009 and has been accrued for. The fair value of the assets acquired by the Group and the final consideration is detailed in the table below.

Analysis of the acquisition of Tibus

	Book values £000	***Fair value to Group £000***
Property, plant and equipment	201	201
Goodwill	-	4,081
Debtors	396	311
Cash	157	157
Creditors	(372)	(399)
Net assets	382	4,351
Discharged by:		
Cash		4,050
Accrued consideration		301
		4,351

From the date of acquisition to 31 December 2008, Tibus contributed £352,000 to the profit before tax of the Group. If the combination had taken place at the beginning of 2008, Tibus would have contributed profit before tax of £370,000 to the Group and revenue of £2,183,000 for that year.

Included in the £4,081,000 of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These primarily relate to the expected value of synergies arising from the integration of Tibus with the Group's existing new media business and the wider strategic benefits of the acquisition to the Group

Notes to the Group Financial Statements

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18. Business combinations (continued)

(b) FM104

On 10 April 2008 the Group acquired the entire issued share capital of Capital Radio Productions plc and Babstova plc (trading as FM104) for a consideration in cash of £41,735,000 (including a deposit paid in the prior year) and costs of £1,844,000.

Analysis of the acquisition of FM104

	Book values £000	Fair value to Group £000
Investments	25	25
Property, plant and equipment	126	126
Goodwill	-	12,899
Intangible assets	-	37,234
Debtors	1,794	1,794
Bank	140	140
Creditors	(1,192)	(1,192)
Deferred taxation liability	-	(7,447)
Net assets	893	43,579
Discharged by:		
Cash		43,579

From the date of acquisition to 31 December 2008, FM104 has contributed £1,624,000 to the profit before tax and exceptionals of the Group. If the combination had taken place at the beginning of the year, FM104 would have contributed profit before tax in the period of £2,472,000 to the Group and revenue of £7,537,000.

Included in the £12,899,000 of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These primarily relate to the expected value of synergies arising from the integration of FM104 with the Group's existing radio business in Ireland enabling the Group to offer an enhanced urban access package to advertisers.

19. Derivatives

	2009 £000	*2008 £000*
Interest rate swaps	1,100	1,958

20. Inventories

	2009 £000	*2008 £000*
Own productions	319	471
Sundry stocks	13	20
	332	491

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For the year ended 31 December 2009

21. Trade and other receivables

	2009 *£000*	*2008* *£000*
Trade receivables	18,236	20,022
Other receivables	1,580	1,824
Prepayments and accrued income	13,099	9,049
	32,915	30,895

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 £2,545,000 at 31 December 2009 (2008: £2,243,000).

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*
2009	18,236	11,299	4,480	1,235	1,222
2008	20,022	10,037	7,277	1,900	808

Movements on the provision against trade receivables are as follows:

	2009 *£000*	*2008* *£000*
Opening balance	2,243	1,507
Foreign exchange	(26)	70
Charge for the year	742	757
Utilised	(414)	(91)
Closing balance	2,545	2,243

The credit quality of trade receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available.

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For the year ended 31 December 2009

22. Cash and short term deposits

	2009 £000	2008 £000
Cash at bank and in hand	4,289	4,392
Short term deposits	4,145	4,888
	8,434	9,280

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 £8,434,000 (2008: £9,280,000) for the Group. Cash and cash equivalents for the purposes of the cash flow statement include bank overdrafts of £Nil (2008: £Nil).

23. Trade and other payables

	2009 £000	2008 £000
Trade payables	19,691	11,991
Other payables	1,065	1,506
Other taxation and social security	1,152	1,206
Accruals and deferred income	14,885	16,909
	36,793	31,612

Notes to the Group Financial Statements

For the year ended 31 December 2009

24. Financial liabilities

	2009 £000	2008 £000
Current		
Current instalments due on bank loans	8,374	8,650
Non-current		
Non-current instalments due on bank loans	88,532	108,267
Total	96,906	116,917

There are three bank overdraft facilities in the Group with £2.5 million limit in the UK and €0.65 million in the ROI. These are secured by a floating charge over the Group's assets. The borrowings at 31 December 2009 are stated net of £594,000 (2008: £786,000) of deferred financing costs. The effective interest rate of the bank loans including the impact of interest rate swap agreements is 4.91% (2008: 6.36%).

Bank loans at 31 December which originated in July 2008 and have been reduced by mandatory payments, comprise the following:

	2009 £000	2008 £000
Senior facilities £55m 5 year amortising term loan "A"	47,500	52,500
Senior facilities £40m 5 year revolving credit loan "B"	17,000	20,500
Senior facilities €40m 5 year amortising term loan "C"	30,121	36,336
Senior facilities €10m 5 year revolving credit loan "D"	2,879	8,367
	97,500	117,703
Less current instalment on bank loans	(8,544)	(8,825)
	88,956	108,878

In July 2008 the Group refinanced its Senior and Subordinated debt facilities by way of a £49.87m rights issue. The 2005 Facilities were extinguished by the proceeds of the rights issue and by offset against the new facilities on 25 July 2008.

The £55m 5 year amortising term loan facility "A" (current balance of £47.5m) is repayable by ten instalments of £2.5m in June and December each year to 31 December 2012 with the first instalment having been made on 31 December 2008. A final payment or refinancing of £30.0m will be made on 25 July 2013.

The £40m revolving credit loan facility "B" is 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 of facility "B".

The €40m 5 year amortising term loan facility "C" (current balance of €34m) is repayable by ten instalments of €2m in June and December each year to 31 December 2012 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 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% per annum of the applicable margin will be payable quarterly on any undrawn portion of facility "D".

Notes to the Group Financial Statements

For the year ended 31 December 2009

24. Financial liabilities (continued)

In 2005 an interest rate swap was purchased fixing the interest costs of circa 50% of the original £140m senior facilities at 4.56% plus the applicable margin to match the repayment profile of the original facilities. Following the review of the facilities in November 2006 and the refinancing in July 2008 this swap was retained and now fixes 54% of the interest costs arising until 30 June 2010 on the committed sterling senior facilities. The balance of the loans has an interest rate charge of 3 month LIBOR plus the applicable margin. The board has authorised a new fixed interest rate swap to be placed for 60% of the projected outstanding sterling borrowings with a forward start date of 30 June 2010 for the period to 30 June 2013. This swap will be contracted by the end of April 2010.

In 2006 an interest rate swap fixing the interest costs of 65% of the original euro €35m senior facility "C" at 3.83% plus the applicable margin was purchased to match the repayment profile of the euro facility "C". Following the refinancing in July 2008 this swap was retained and now fixes 31% of the interest costs arising until 30 June 2010 on the committed euro senior facilities. The remainder of the loans incur an interest rate charge of 3 month EURIBOR plus the applicable margin. The board has authorised a new fixed interest rate swap to be placed for 40% of the projected outstanding euro borrowings with a forward start date of 30 June 2010 for the period to 30 June 2013. This swap will be contracted by the end of April 2010.

The applicable margins contracted on the financial liabilities in the current financial year range from 1.65% to 1.85% depending on the Net Debt to EBITDA ratio. The applicable margins paid in the current financial year are detailed below:

Applicable margin Senior facilities	*From*	*To*
1.65%	1 January 2009	29 June 2009
1.85%	30 June 2009	31 December 2009

25. Obligations under leases and hire purchase contracts

Obligations under operating leases

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

	2009 £000	*2008 £000*
Not later than one year	1,623	1,828
After one year but not more than five years	3,621	4,685
After five years	4,472	5,375
	9,716	11,888

Notes to the Group Financial Statements

For the year ended 31 December 2009

26. Provisions

	Onerous leases £000	Dilapidation £000	Total £000
At 1 January 2009			
- Current	30	312	342
- Non-current	200	900	1,100
	230	1,212	1,442
Utilised	(36)	(122)	(158)
Arising/(released) during the year	323	(98)	225
At 31 December 2009	517	992	1,509
Analysed as:			
- Current	130	319	449
- Non-current	387	673	1,060
	517	992	1,509

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 13 years outstanding.

27. 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 impact of the 2 for 3 rights issue of ordinary shares in July 2008.

No options were exercised during the year and all 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 2009

27. Share based payments (continued)

(b) Long term incentive plan

The Company currently has a long term incentive plan for certain UTV senior executives. During 2006, 2007, 2008 and 2009 executives were 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.

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*	*2009 No.*	*2008 No.*
31 December 2008	321.65p	-	309,198
31 December 2009 [1]	391.28p	272,364	317,089
31 December 2010	234.81p	552,837	552,837
31 December 2011	58.25p	2,609,080	-

[1] 44,725 of these awards were forfeited in 2008

The awards granted in 2006 with an end qualifying date of 31 December 2008 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 2007 and 2008

The performance criteria attached to the awards granted in 2007 and 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 the 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.

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 234.81p.

Awards granted in 2009

The 2009 awards have two performance conditions applied.

- 25% of the award 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 are granted, and
- 75% 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.

Notes to the Group Financial Statements

For the year ended 31 December 2009

27. Share based payments (continued)

(b) Long term incentive plan

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 EPS performance criteria will be achieved to satisfy the vesting of these awards and thus no charge has been made under IFRS 2 (2008: credit of £417,000).

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 in the year ended 31 December 2009.

	2009
Dividend Yield (%)	0%
Expected share price volatility (%)	24.8%
Risk-free interest rate (%)	1.7%
Expected life of options (years)	3
Weighted average share price (p)	58.25

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 calculated the fair value to be 16.78 pence per share for each share awarded conditional on the TSR performance condition. As a result of this valuation £82,000 has been charged to the accounts.

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

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28. Authorised and issued share capital

Authorised shares

	Authorised		*Allotted, issued and fully paid*	
	2008	*2009*	*2008*	*2009*
	£000	*£000*	*£000*	*£000*
Ordinary shares of 5p each (2008: 5p each)	10,000	10,000	4,795	4,795
Redeemable preference shares of £1 each (2008: £1 each)	50	50	-	-
At 31 December 2009	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 1 January 2008	100,000	5,000	57,542	2,877
Authorisation of further shares	100,000	5,000	-	-
Rights issue	-	-	38,361	1,918
At 31 December 2008 and 2009	200,000	10,000	95,903	4,795

Redeemable preference share capital

	Number thousands	*Issued nominal value £000*
At 1 January 2008	-	-
Authorisation of 50,000 preference shares of £1 each	50	50
Redemption and cancellation of preference shares	-	(50)
At 31 December 2008 and 2009	50	-

On 15 July 2008 the company issued 38,361,011 shares by way of a rights issue raising £47,471,000 (net of costs). The rights issue was undertaken on the basis of 2 rights issue shares for every 3 existing ordinary shares held on 17 June 2008 at the rights issue price of 130 pence per rights issue share.

Notes to the Group Financial Statements

For the year ended 31 December 2009

29. Reconciliation of movements in equity

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 2009 the Group held 499,999 (2008: 499,999) of its own shares at an average cost of £2.52 (2008: £2.52). The market value of these shares at 31 December 2009 was £490,000 (2008: £550,000).

30. 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 2009 and 31 December 2008. Details on the capital structure are disclosed in the Financial Review.

Notes to the Group Financial Statements

For the year ended 31 December 2009

30. Derivatives and other financial instruments (continued)

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 2009, after taking into account the effect of interest rate swaps 47.1% (2008: 49.1%) of the interest arising until 30 June 2010 on the Group's committed borrowing facilities are at a fixed rate of interest. The board has authorised new fixed interest rate swaps to be placed for 60% of the projected outstanding sterling borrowings and 40% of the projected outstanding euro borrowings, with a forward start date of 30 June 2010 for the period to 30 June 2013. These swaps will be contracted by the end of April 2010.

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 5.7% (2008: 5.3%) of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst almost 5.8% (2008: 5.2%) of costs are denominated in currencies other than the unit's functional currency.

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

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that exposure to bad debts is normally not significant. However, based on the current economic environment the Group has increased the level of provision held at 31 December 2009. 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.

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 24. 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.

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.

Notes to the Group Financial Statements

For the year ended 31 December 2009

30. Derivatives and other financial instruments (continued)

(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*	
	2009	*2008*	*2009*	*2008*
	£000	*£000*	*£000*	*£000*
Financial assets				
Cash and short term deposits	8,434	9,280	8,434	9,280
Other investments	-	-	-	-
Interest rate swap	-	-	-	-
	8,434	9,280	8,434	9,280
Financial liabilities				
Interest-bearing loans and borrowings	96,906	116,917	96,906	116,917
Interest rate swap	1,100	1,958	1,100	1,958
	98,006	118,875	98,006	118,875

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing effective interest rates. The fair value of interest rate swaps are based on a valuation technique which uses Markey observable inputs such as prevailing market forward interest rates as at 31 December 2009.

The group uses the following hiearchy 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 indirctly; 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 2008 and 2009 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 hierachy during the current and previous years.

Notes to the Group Financial Statements

For the year ended 31 December 2009

30. 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.

The 2009 analysis below reflects a potentially lesser change in both sterling and euro interest rates than in 2008, due to less volatility in the financial markets and the current low level of interest rates.

	Increase/ decrease in basis points	*Effect on profit before tax £000*
2009		
Sterling	*+50*	*(103)*
Euro	*+50*	*(128)*
Sterling	*-25*	*52*
Euro	*-25*	*64*
2008		
Sterling	*+100*	*(270)*
Euro	*+100*	*(287)*
Sterling	*-150*	*405*
Euro	*-100*	*287*

(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. However, based on the current economic environment the Group has increased the level of provisioning during the year.

(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 2009 analysis reflects potentially lesser change in exchange rates than in 2008, due to less volatility in the financial markets.

Notes to the Group Financial Statements

For the year ended 31 December 2009

30. Derivatives and other financial instruments (continued)

	Increase/ decrease in Euro rate	Effect on profit before tax £000
2009		
Euro	*+4%*	*(48)*
	-8%	*108*
2008		
Euro	*+10%*	*(139)*
	-10%	*170*

(f) Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities at 31 December 2009 and 2008 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 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

	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 2008						
Interest bearing loans and borrowings	-	1,244	12,168	128,030	-	141,442
Trade and other payables	348	14,150	13,973	1,935	-	30,406
Interest rate swap	-	391	1,274	759	-	2,424
	348	15,785	27,415	130,724	-	174,272

Details of how the Group manages the liquidity risk arising from the above analysis are provided in note 30(a). As disclosed in note 30(a) the Group takes into account the accessibility of cash and cash equivalents in managing the liquidity risk in the above anaylsis, the amount of which at 31 December 2008 and 2009 is disclosed in note 22 and is available either on demand or within 3 months.

(g) Hedging activities

Cash flow hedges
At 31 December 2009 and 31 December 2008, the Group held two 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 2010. The Group recognised a loss of £1,019,000 (2008: £1,855,000 loss) directly in equity and a charge in the finance cost line of £1,857,000 (2008: £1,005,000 credit) in respect of these cash flow hedges.

Sterling interest rate swap
The secured sterling loan and sterling interest rate swap have the same critical terms during the period to expiration of the swap on 30 June 2010 and are assessed to be highly effective. The fair value of the interest rate swap at the balance sheet date was a liability of £915,000 (2008: liability of £1,669,000). This swap is designated as a hedge of 74% of the expected floating rate interest payments expected to arise in the period to 30 June 2010 on £64.5m senior facilities sterling bank loans. The terms of this contract are that the company pay a fixed rate of 4.56% and receive 3 month floating LIBOR rate from Bank of Ireland (net settled quarterly) on a £70m notional sum subject to a repayment schedule in line with the original £140m facilities bank loan. At 31 December 2009 the notional sum is £47,500,000 (2008: £52,500,000).

Notes to the Group Financial Statements

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30. Derivatives and other financial instruments (continued)

Euro interest rate swap

The secured euro loan and euro interest rate swap have the same critical terms during the period to expiration of the swap on 30 June 2010 and are assessed to be highly effective. The fair value of the interest rate swap at the balance sheet date was a liability of £185,000 (2008: liability of £289,000). This swap is designated as a hedge of 37% of the expected floating rate interest payments expected to arise in the period to 30 June 2010 on the €37,250,000 senior facilities euro bank loans. The terms of this contract are that the company pay a fixed rate of 3.83% and receive 3 month floating EURIBOR rate from First Trust Bank (net settled quarterly) on a €13,650,000 notional sum subject to a repayment schedule in line with the €35m senior facilities euro bank term loan. At 31 December 2009 the notional sum is £12,092,000 (2008: £15,383,000).

31. Pensions and other post retirement benefits

The Group operates two defined benefit pension schemes: one is operated in Northern Ireland ('The UTV Scheme') and the other operates in England ('The Radio Partnership Plan'). Both schemes are funded by the payment of contributions to separately administered trust funds. In addition, the UTV scheme contains an unfunded element as described in the Report of the Board on Directors Remuneration. With effect from the 31 December 2009 The Radio Partnership Plan was merged into The UTV Scheme.

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

31 December 2009

	UTV Scheme £000	*Radio Partnership Plan £000*	*Total £000*
Equities	48,395	-	48,395
Bonds	12,737	-	12,737
Cash	260	-	260
Fair value of scheme assets	61,392	-	61,392
Present value of scheme liabilities	(72,391)	-	(72,391)
Deficit in the scheme	(10,999)	-	(10,999)

31 December 2008

	UTV Scheme £000	*Radio Partnership Plan £000*	*Total £000*
Equities	40,606	508	41,114
Bonds	10,152	384	10,536
Cash	-	67	67
Fair value of scheme assets	50,758	959	51,717
Present value of scheme liabilities	(59,081)	(1,229)	(60,310)
Deficit in the scheme	(8,323)	(270)	(8,593)

Notes to the Group Financial Statements

For the year ended 31 December 2009

31. 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 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)

Year ended 31 December 2008

	UTV Scheme £000	Radio Partnership Plan £000	Total £000
Recognised in the income statement			
Current service cost	(1,216)	(32)	(1,248)
Expected return on scheme assets	4,714	72	4,786
Interest cost on scheme liabilities	(3,793)	(82)	(3,875)
Recognised in arriving at operating profit	(295)	(42)	(337)
Recognised in the statement of comprehensive income			
Actual return on scheme assets	(12,629)	(112)	(12,741)
Less: expected return on scheme assets	(4,714)	(72)	(4,786)
	(17,343)	(184)	(17,527)
Other actuarial gains	9,464	250	9,714
Actuarial gain/(loss) recognised in the statement of comprehensive income	(7,879)	66	(7,813)

Notes to the Group Financial Statements

For the year ended 31 December 2009

31. 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 and the expected rates of return are established by applying published broker's forecasts to each category of scheme assets.

	UTV Scheme		*Radio Partnership Plan*	
	31 December 2009	*31 December 2008*	*31 December 2009*	*31 December 2008*
Assumptions				
Rate of general increase in salaries	4.10%	3.90%	4.10%	3.90%
Pension in payment increase	3.60%	2.90%	3.60%	2.90%
Expected long term return on assets	6.60%	6.99%	5.80%	6.57%
Discount rate for scheme liabilities	5.70%	6.25%	5.70%	6.25%
Inflation	3.60%	2.90%	3.60%	2.90%
Expected return on scheme assets				
- Equities	7.66%	7.00%	7.66%	7.00%
- Bonds	5.04%	4.95%	5.04%	4.95%
- Cash	0.50%	2.00%	0.50%	2.00%
Assumed life expectancy for a 65 year old				
- Male: pensioner	20.32	20.25	20.32	20.25
- Female: pensioner	23.17	23.11	23.17	23.11
- Male: non-pensioner	21.30	21.26	21.30	21.26
- Female: non-pensioner	24.08	24.04	24.08	24.04

Notes to the Group Financial Statements

For the year ended 31 December 2009

31. 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 2008	(65,228)	(1,396)	(66,624)
Service cost	(1,028)	(32)	(1,060)
Members contributions	(346)	(1)	(347)
Benefits paid	2,392	32	2,424
Reclassification of unfunded plan	(470)	-	(470)
Interest cost on scheme liabilities	(3,767)	(82)	(3,849)
Actuarial gains and losses	9,366	250	9,616
At 31 December 2008	(59,081)	(1,229)	(60,310)
Service cost	(659)	(30)	(689)
Members contributions	(299)	-	(299)
Benefits paid	3,279	13	3,292
Interest cost on scheme liabilities	(3,638)	(77)	(3,715)
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)

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 2008	63,759	1,004	64,763
Expected return on scheme assets	4,714	72	4,786
Employer contribution	1,674	98	1,772
Members contribution	346	1	347
Benefits paid	(2,392)	(32)	(2,424)
Actuarial gains and losses	(17,343)	(184)	(17,527)
At 31 December 2008	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

Notes to the Group Financial Statements

For the year ended 31 December 2009

31. Pensions and other post retirement benefits (continued)

History of experience gains and losses

	2009	*2008*	*2007*	*2006*	*2005*
	£000	*£000*	*£000*	*£000*	*£000*
UTV Pension Scheme					
Fair value of scheme assets	60,190	50,758	63,759	60,470	55,372
Present value of defined benefit obligation	(70,668)	(59,081)	(65,228)	(63,964)	(61,286)
Deficit in the scheme	(10,478)	(8,323)	(1,469)	(3,494)	(5,914)
Experience adjustments arising on plan liabilities	555	1,356	(511)	(257)	5,169
Experience adjustments arising on plan assets	7,462	(17,343)	(78)	2,367	6,380

	2009	*2008*	*2007*	*2006*	*2005*
	£000	*£000*	*£000*	*£000*	*£000*
Radio Partnership Plan					
Fair value of scheme assets	1,202	959	1,004	910	819
Present value of defined benefit obligation	(1,723)	(1,229)	(1,396)	(1,398)	(1,225)
Deficit in the scheme	(521)	(270)	(392)	(488)	(406)
Experience adjustments arising on plan liabilities	-	-	-	(81)	-
Experience adjustments arising on plan assets	106	(184)	9	13	24

The defined benefit obligation comprises £10,241,000 (2008: £8,124,000) from plans that are wholly or partly funded and £758,000 (2008: £470,000) 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 £5,819,000 of losses (2008: £2,717,000 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 £562,000 (2008: £632,000). In 2009 the Group made additional funding towards the actuarial deficit on the UTV scheme amounting to £950,000 (2008: £950,000). In addition to this during the year 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 a cash basis, with no de-recognition of the properties or recognition of any future liabilities in the Group's financial statements.

The Group has also agreed to fund £1,181,000 each year from 2010 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.

Notes to the Group Financial Statements

For the year ended 31 December 2009

31. Pensions and other post retirement benefits (continued)

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 £376,000 (2008: £363,000).

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% (2008: 0.5%) the impact on the scheme liabilities could be a decrease of 8.1% (2008: 7%) or an increase of 7.3% (2008: 7.7%). 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 2009

32. 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.

	2009 *£000*	*2008* *£000*
Sales to associated companies	625	586
Amounts owed by associated companies	57	74
Charges from joint ventures	481	568
Amounts owed by joint ventures	1,114	938
Amounts owed to joint ventures	179	157

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

	2009 *£000*	*2008* *£000*
Short-term employee benefits	1,322	1,271
Post employment benefits	261	277
Share-based payments	82	(417)
Compensation for loss of office	-	275
	1,665	1,406

33. Capital commitments

	2009 *£000*	*2008* *£000*
Plant, property and equipment		
Contracted for and not provided for in the accounts	22	252

At 31 December 2009 capital commitments of £22,000 (2008: £252,000) were entered into by the Group's joint venture.

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

For the year ended 31 December 2009

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

For the year ended 31 December 2009

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 2009 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 on page 110, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the parent company 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 (APB'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 parent company'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 2009;
- 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 parent company financial statements.

Report of the Auditors on the Parent Company Financial Statements

For the year ended 31 December 2009

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 2009.

Ernst & Young

David Graham Galbraith (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Belfast
13 April 2010

Company Balance Sheet

At 31 December 2009

	Notes	*2009* *£000*	*2008* *£000*
Fixed assets			
Investments	3	215,688	297,191
Current assets			
Debtors: amounts due within one year	4	2,439	2,439
Debtors: amounts falling due after one year	5	20,949	20,949
Cash at bank and in hand		17	19
		23,405	23,407
Creditors: amounts falling due within one year	6	(100,771)	(90,003)
Net current liabilities		(77,366)	(66,596)
Total assets less current liabilities		138,322	230,595
NET ASSETS		138,322	230,595
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	82,715	174,988
EQUITY SHAREHOLDERS' FUNDS		138,322	230,595

The financial statements were approved by the Board of Directors and authorised for issue on 13 April 2010. They were signed on its behalf by:

J McCann
N McKeown
} Directors

Notes to the Company Financial Statements

For the year ended 31 December 2009

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.

Notes to the Company Financial Statements

For the year ended 31 December 2009

3. Investments

	2009 £000
Cost	
At 1 January 2009	297,191
Acquisition	302
At 31 December 2009	297,493
Impairment	
At 1 January 2009	-
Created in the year	81,805
At 31 December 2009	81,805
Net book value	
At 31 December 2009	215,688
At 31 December 2008	297,191

Acquisition

On 12 February 2008 the Group acquired the entire issued share capital of Holbeck Enterprises Limited, a dormant holding company which owns 100% of the issued share capital of The Internet Business Limited (trading as 'Tibus'). The total cash consideration paid to date amounts to £4,000,000 for the business acquired and £50,000 for costs. The share purchase agreement allowed for a contingent consideration to be made for this acquisition up to £1,000,000. Based on the performance achieved, an additional £290,000 of contingent consideration and £12,000 of costs were accrued in 2009.

Impairment

The impairment loss created in the year represents the write down of the investment of UTV Limited to its recoverable amount. The pre impairment carrying value of this investment was determined by the market cap of the company (formerly UTV plc) prior to the scheme of arrangement that was undertaken in 2007. The recoverable amount is determined based on the value in use calculation using five year cash flow projections. The growth rate beyond the five years is 2.25% being consistent with the average growth rate for the industry. The discount applied to cash flow projections is 14.4% pre tax. 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. It reflects management's estimate of the Working Average Cost of Capital (WACC) required to assess operating performance in this business unit.

The critical assumptions for television relate to advertising revenue. 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. In GB industry forecasts are predicting that the market will be up by 0% to 5% in 2010. In Ireland there are no market forecasts available but the assumption is that this market, like the UK, will also start to see recovery. The 2010 budgets have been set based on these assumptions. Indicators of the upturn in advertising revenue are already visible in the 2010 performance and, based on this, management have forecast a return to the pre-recession performance by 2012. From 2013 our assumptions are for a more steady growth, forecast to be approximately 3% per annum.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the unit to exceed its recoverable amount.

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 2009

4. Debtors: amounts due within one year

	2009 *£000*	*2008* *£000*
Amounts due from group undertakings	2,439	2,439

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

	2009 *£000*	*2008* *£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

	2009 *£000*	*2008* *£000*
Accruals	325	89
Amounts owed to group undertakings	100,446	89,914
	100,771	90,003

7. Authorised and issued share capital

Ordinary share capital	*Number thousands*	*Authorised nominal value £000*	*Issued Number thousands*	*Issued nominal value £000*
As at 1 January 2009	100,000	5,000	57,542	2,877
Authorisation of further ordinary shares (1)	100,000	5,000	-	-
Rights issue (2)	-	-	38,361	1,918
At 31 December 2008 and 2009	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 2008 and 2009	50	50	-	-

Notes to the Company Financial Statements

For the year ended 31 December 2009

7. Authorised and issued share capital (continued)

(1) On the 20 June 2008 at a General Meeting held by UTV Media plc the ordinary share capital was increased from £5,050,000 to £10,050,000 by the creation of 100,000,000 ordinary shares of 5 pence in the capital of the Company, each ranking pari passu in all respects with the existing ordinary shares in the capital of the Company.

(2) On the 15 July 2008 the company issued 38,361,011 shares by way of a rights issue raising £47,471,000 (net of costs). The rights issue was undertaken on the basis of 2 rights issue Shares for every 3 existing ordinary shares held on 17 June 2008 at the rights issue price of 130 pence per rights issue share.

At 31 December 2009 the Group held 499,999 (2008: 499,999) of its own shares at an average cost of £2.52 (2008: £2.52). The market value of these shares at 31 December 2009 was £490,000 (2008: £550,000).

8. Reconciliation of movements in shareholders funds

	Called up share capital £000	*Capital redemption reserve £000*	*Share premium account £000*	*Profit and loss account £000*	*Total £000*
Balance at 1 January 2008	2,877	50	5,209	189,015	197,151
Rights issue	1,918	-	45,553[1]	-	47,471
Loss for the period	-	-	-	(6,120)	(6,120)
Dividends paid	-	-	-	(7,907)	(7,907)
Balance at 31 December 2008	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

(1) This figure is net of costs amounting to £2,398,000 incurred as a result of the rights issue.

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.

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

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