UTV plc
Report & Accounts

Contents

John B McGuckian
Chairman

Financial highlights:

- Group revenue up 22% at £113.6m (2005: £92.7m) reflecting the full year impact of The Wireless Group plc, now referred to as Radio GB
- Group operating profit up 6% at £27.4m (2005: £25.8m) before charging startup losses of £2.6m (2005: £0.9m) in respect of our new radio stations in Belfast and Edinburgh
- Radio operating profit up 52% at £14.6m (2005: £9.6m) before charging start-up losses of £2.6m (2005: £0.9m) in respect of our new radio stations in Belfast and Edinburgh
- Television operating profit down 24% at £11.7m (2005: £15.4m)
- New Media operating profit up 31% at £1.1m (2005: £0.8m)
- Diluted adjusted earnings per share down by 15% to 23.08p (2005: 27.14p)
- An 8.00p final dividend resulting in a full year dividend of 13.00p (2005: 12.50p), an increase of 4%
- Net debt reduced by £8.6m to £117.6m (2005: £126.2m)

Operational highlights:

- Television advertising revenue reduced by 9% outperforming the ITV network which reduced by 12%
- Radio advertising revenue in Great Britain grew by 6% on a like-for-like basis, compared to a market decline of 5%
- Radio advertising in Ireland grew by 12% on a like-for-like basis
- New Media revenues grew by 17%

Key dates:

- 30 March 2007 - record date for payment of dividends
- 25 May 2007 - date of Annual General Meeting
- 11 June 2007 - payment of dividends

UTV Board of Directors

> "The continuing ability of your company to assimilate new assets while improving operational performance during difficult trading conditions augurs well for the future."

Introduction

Your company again outperformed its peer groups in what was a challenging year for the media industry as a whole. Our Irish radio operations enjoyed like-for-like revenue growth of 12% while in Great Britain our like-for-like radio revenue increased by 6% compared to a market decline of 5%. Our television revenue was down by 7% driven by a decline in advertising revenue of 9% which compared to a 12% fall in ITV network revenue. Our new media division improved its revenue by 17%. In addition to meeting the broader challenges of network and market revenue declines in UK television and radio, your company also completed the successful integration of the former Wireless Group so that, for the first time, total radio operating profit, even after allowing for start-up losses at our two new radio stations, exceeded that of television. The continuing ability of your company to assimilate new assets while improving operational performance during difficult trading conditions augurs well for the future.

Results and dividend

Operating profit, including associates, before exceptional items but after radio start-up losses of £2.6m (2005: £0.9m), was broadly flat at £24.8m (2005: £24.9m). Increases of £3.3m and £0.3m in radio and new media operating profits to £12.0m (2005: £8.7m) and £1.1m (2005: £0.8m) respectively, substantially offset a £3.7m reduction in television operating profit to £11.7m (2005: £15.4m). With a net interest charge of £8.0m (2005: £4.5m) and no foreign exchange gains (2005: £0.4m), group profit before exceptional items and taxation was down by £4m to £16.8m (2005: £20.8m).

Exceptional items include an exceptional tax gain of £20.2m relating to the prior year tax losses now being available against future years' earnings in our GB radio operation and brought into the Group's Balance Sheet as a deferred tax asset and a release of the deferred tax liability associated with an impairment charge. This impairment charge of £20.2m arises from our review of the carrying value of all Group assets, reflecting market conditions in GB. We incurred costs relating to aborted transactions of £0.5m. After ordinary taxation of £3.6m (2005: £5.1m) profit for the year was £12.7m (2005: £14.5m) of which £12.3m (2005: £14.4m) was attributable to shareholders. Diluted earnings per share adjusted for exceptional items were down 15% at 23.08p (2005: 27.14p).

Your Board recommends a final dividend of 8.00p (2005: 7.75p) which represents a 3.2% increase over last year making a total for the year of 13.00p (2005 :12.50p), an increase of 4%. The final dividend will be paid on 11 June 2007 to all shareholders on the Register at the close of business on 30 March 2007. The Annual General Meeting will be held on 25 May 2007.

Radio

Our radio division generated £61.7m (2005: £38.9m) of revenue in the period, 54% of Group turnover. Radio recorded an operating profit before exceptional items of £14.6m (2005: £9.6m) before accounting for start-up losses of £2.6m (2005: £0.9m) in our new radio stations in Belfast and Edinburgh.

We successfully integrated our GB radio assets into the Group and embarked upon a programme to improve the overall performance of talkSPORT and the local radio stations. Against the backdrop of a declining UK radio market, talkSPORT's performance was particularly impressive with revenue up by 18% over the previous year. We invested much of that additional revenue in promoting the brand and enhancing the production quality of our output and this drive towards improving the product was evident also in our winning bid to gain Premiership Football rights for the three years commencing 2007/08. The early fruits of our new long term development plan are also evident in the outperformance of the market by our local radio stations, which recorded a 1.6% decrease in revenue over the previous year against a market fall of 5%. Our GB radio stations recorded profits of £8.8m (2005: £5.0m) before charging start-up losses of £1.7m (2005: £0.1m) in respect of our new radio station in Edinburgh.

Our radio stations in Ireland continued to perform strongly, with like-for-like advertising revenue up by 12%. Within this, national advertising growth at 18% reflected our ability to offer larger advertisers the opportunity to market their products to the key urban areas. This offering has the potential for further enhancement through the development of our new radio station in Belfast, which will provide essentially an all-Ireland marketing solution to national and multi-national advertisers. Operating profit from our Irish radio stations was up by 26% to £5.8m (2005: £4.6m) before charging start-up losses of £0.9m (2005: £0.8m) in respect of the Belfast station.

Television

The television advertising market was weak throughout 2006. The leading commercial channel ITV1, continued to suffer from declining audience ratings which impacted unduly upon advertising revenue through the mechanism of the Contract Rights Renewal (CRR) undertaking. For the year as a whole, ITV network advertising revenue was down by 12%. The impact of CRR on our advertising revenue from GB was mitigated by our strong ratings performance in Ireland, but we were not immune to the overall effect on the market which caused our advertising revenue to fall by 9%. Nevertheless, this was a significant outperformance of the network and we achieved another record share of ITV1's advertising revenue of 2.82%. With our television revenue down by 7%, our television operating profits before exceptional items were £11.7m (2005: £15.4m).

New Media

Our new media division enjoyed a 17% increase in turnover to £9.5m (2005: £8.1m) with broadband and telephony services continuing to be the main drivers of this growth. Improved profitability was a key focus in the year and, even after writing off customer acquisition costs, operating profits from this division were up by 31% to £1.1m (2005: £0.8m).

Prospects

We continue to outperform the market and our peer groups in the first quarter of 2007. Advertising revenue from our radio stations in Great Britain is expected to be 2% up in this quarter compared to an anticipated market decline of 4%. Although the stimulus of the football World Cup will be in the comparative revenue for the first half of 2006, the current first half will not carry the additional marketing and production costs associated with that event and we believe this will be broadly positive for talkSPORT's profitability in the six months to 30 June 2007. Losses of £0.9m (2006: £0.9m) are estimated to be incurred in the first half of 2007 at our new radio station in Edinburgh.

Our radio stations in Ireland continue to perform strongly with like-for-like advertising revenue forecast to be up by 9% in the first 3 months of 2007. Excellent listenership figures combined with good economic growth engender confidence in the prospects for the year as a whole. Our Limerick station applied for, and won, renewal of its ten year licence against a competing application. Losses of £0.6m (2006 : £0.5m) are estimated to be incurred in the first half of 2007 at our new radio station in Belfast.

Outperformance by our television division also continues into 2007. In the first quarter of this year ITV network revenue is expected to be down by 9% but strong local demand on the back of firm regional audience ratings should ensure that our television revenue in this period is flat. We are in discussions with ITV plc to transfer responsibility for their sales house function in Ireland into our control from 1 April 2007. ITV plc's sales house will continue to represent us in Great Britain.

In new media, demand for our broadband and telephony products remains strong and we are forecasting a 24% improvement in turnover in the first three months of 2007.

People

I have referred in this statement to your company's outperformance of its peer groups. This outperformance has been a feature of your company's results for some years and is made possible only through the skill, commitment and hard work of people throughout the organisation. On your behalf, I would like to thank the Board, management and staff for their contributions to the success of your company.

John B McGuckian
Chairman
5 April 2007

John McCann
Group Chief Executive

Radio GB

2006 marked the first full year of ownership of talkSPORT and the seventeen ILR (Independent Local Radio) stations and digital assets which constitute UTV Radio (GB). Total revenues for our Radio GB operations were £45.7m (2005: £25.1m), making this the largest business unit within the UTV Group. During this period, UK commercial radio operators experienced difficult trading conditions, with total market revenues having declined by 5% in the full year. In contrast, our stations substantially out performed our peers, recording annual like-for-like growth of 6%.

talkSPORT

The integration of talkSPORT into the UTV Group is our key success story. talkSPORT's annual revenue grew on a like-for-like basis by 18% to £19.1m (2005: £16.2m), despite the depressed conditions of the UK radio marketplace. Much of this growth was achieved through demonstrating to advertisers the benefits of the talkSPORT audience profile. Our position as a licensed broadcaster of the FIFA World Cup further supported this and resulted in additional sponsorship and promotional opportunities. These additional revenues were invested in the marketing of the station, which in turn led to further audience growth in 2006. By the year end, talkSPORT had grown its audience by 2.8% to 2.24m adults (2005: 2.18m), which was the highest growth of any national analogue station, including the BBC's radio services.

The talkSPORT audience profile is highly attractive to advertisers as it comprises groups who are often difficult to reach through other media. Men make up 76% of the audience and 59% of our listeners are in the more affluent ABC1 group. With 33% of our audience now in the 15-34 age group, younger brands also benefit from exposure on talkSPORT. As a mainstream broadcast platform, it is the most effective way to reach men in the UK and yet has historically been sold at a discount to the market.

Broadcast Platform	% Male	% ABC1	% 15-34 Yrs
talkSPORT	76	59	33
BBC Radio 5 Live	71	68	25
Total Radio	49	55	31
Sky Sports	71	54	27
Total TV	45	43	23

Source: RAJAR

In maximising the audience of talkSPORT, our strategy has been to differentiate our output from that of the BBC. Our opportunity for audience growth lies in the fact that talkSPORT can, and should, be opinionated in its speech output. Under UTV ownership, talkSPORT has recruited outspoken presenters such as George Galloway, Jon Gaunt, Terry Christian and, more recently Ian Wright, further strengthening the portfolio of long standing presenters such as Alan Brazil, James Whale and Mike Parry. We will continue to invest in high quality presenters and effective qualitative and quantitative audience research to further grow our audience.

> "Total revenues for our Radio GB operations were £45.7m (2005: £25.1m), making this the largest business unit within the UTV Group."

Local radio

Following the acquisition of The Wireless Group plc in June 2005, substantial management resource and financial investment have been deployed to increase the audience and revenue of the 17 local radio stations which we operate in England, Scotland and Wales. These stations have historically suffered from a lack of investment in audience research, facilities and our greatest resource, the staff and management who operate the stations in each of their respective markets.

Audience in these stations has dropped by 11% since 2000 but key to the development of each station has been the implementation of bespoke audience and music testing, the first stage of which commenced in Q2 and is now complete. Implementation of a recovery plan based on our findings is ongoing, although initial signs of growth are already being seen, with Q4 reporting the first growth in listening hours, up by 3.9%.

Changes to management structures and the co-location of all central services, along with stations currently based in Warrington, Wigan and Bolton in a new, state of the art facility are on track for completion by Q4 2007. New broadcast facilities for The Wolf in Wolverhampton and Imagine FM in Stockport are already in place further demonstrating our commitment to investing in our local stations for future growth.

In assessing the performance and potential of each of our radio stations, we identified Q96 in Paisley as an asset which did not fit within our existing portfolio and which would require an undue level of investment to bring to profitability. In September we sold that station, which accrued losses of £0.4m in the period.

Our local radio revenues declined by 1.6% on a like-for-like basis, a strong performance given the 5% decline in the overall radio advertising market in the UK. On 14 February 2006, UTV launched talk107, the first local speech station in the UK outside of London. The station offers lively and relevant speech programming for listeners in Edinburgh, Fife and the Lothians, and has shown growth in audience and listening hours in each of the three listenership surveys published post the launch. Operating losses of £1.7m, though higher than expected, reflect the nature of speech-based services which find it initially more difficult than music stations to attract listeners, but those listeners do tend to listen for longer and switch less between competing services. We therefore have invested more heavily in marketing activity to raise awareness of the station.

While strongly committed to our AM and FM broadcast platforms, UTV is also at the leading edge of development of digital radio services. talkSPORT is carried on Sky, Freeview, Virgin Media, DAB, Worldspace and Internet, and has taken part in European and UK tests of DRM (Digital Radio Mondial) to ensure that our output is available to the maximum number of listeners, with the best quality reception. UTV is the largest operator of DAB multiplexes in London with stakes in two of the three licences and also operates multiplexes in Aberdeen, Central Scotland, South Wales, Bradford and Huddersfield and Stoke on Trent.

Television

UTV is the ITV franchise holder for Northern Ireland and is receivable in 80% of homes in the Republic of Ireland through cable and terrestrial overspill. In Northern Ireland our peaktime audience share in 2006 of 33.5% was substantially ahead of the ITV Network share of 26.8%, was 57% more than BBC1 Northern Ireland at 21.4% and was almost four times that of our nearest commercial competitor Channel 4, who had 9.4%.

This audience share has been substantially maintained in a fast developing multi-channel environment where differentiation of the offering is key. Our strategy is to portray UTV as the local channel serving the audience by bringing them the best in network programmes supported by high quality local programmes. This strategy has served us well with minimal erosion of our audience during the last five years.

Television is a highly operationally geared business, and therefore the primary focus must be audience delivery and the conversion of that audience into advertising revenue. Advertising revenue for UTV is sold by ITV plc with sales teams in London, Belfast and Dublin, which allows us to benefit from being part of a large sales house with ready access to national and multi-national clients. With more than half of our advertising revenue generated from our Belfast and Dublin offices, UTV senior management maintain close contact with both clients and agencies linked to those offices to ensure the value of the UTV sales proposition is fully communicated.

> **"Our peaktime audience share in 2006 of 33.5% was substantially ahead of the ITV Network share of 26.8% and 57% more than BBC1 Northern Ireland at 21.4%."**

The new digital age offers both a challenge and an opportunity. Our strategy is to remain platform neutral and we are currently available on terrestrial, cable and satellite. The challenge as we move to analogue switch-off in our region which is planned for in 2012 is to provide differentiation within the multitude of channels available to viewers. We will meet this challenge by embracing new technologies, such as broadband, by continuing to invest in the development of our people and infrastructure and by maintaining our emphasis on regionality.

Good quality network programmes which deliver sizeable audiences are the key to growing advertising revenues. ITV network's audience delivery has experienced significant decline and this, coupled with the impact of the Contract Rights Renewal (CRR) undertaking which Granada and Carlton entered into at the time of their merger, has led to substantial downward pressure on network advertising revenue. The network centre's renewed focus on ITV1 programming is to be welcomed but the CRR mechanism is having a much greater impact than was ever envisaged and its distortion of the marketplace is now undermining ITV's attempts to improve programme performance and deliver strong ratings to advertisers. This is not in the long term interests of either broadcasters or advertisers and we therefore believe that a review of the CRR formula is urgently required.

Our television advertising revenue derived from Ireland is not subject to CRR, although, with one fixed inventory of airtime, the pricing of that airtime at network level has an effect on the pricing in Ireland. Stronger demand from Ireland for our airtime has helped to mitigate the downturn in the market in Great Britain and we believe this local demand can be further enhanced by bringing the sales operation in Dublin and Belfast under the direct control of UTV. We are in discussions with ITV plc with a view to transferring operational control of the Irish sales function to UTV from 1 April, 2007.

Radio Ireland

Radio Ireland had an excellent year underpinned by a very strong Republic of Ireland economy. Our strategy is to build and maintain a network of market leading stations in Ireland's key urban areas, thereby providing an attractive advertising platform both locally and nationally. We deliver high quality, locally focused programming to our listeners in Belfast, Dublin, Cork, Limerick and Dundalk/Drogheda. Our stations in Cork, Limerick and Dundalk/Drogheda maintained their dominance in their license areas with year end market shares of 52%, 47% and 37% respectively. Our station in the competitive Dublin market, Q102, recorded a 6% market share and moved into profitability for the first time while our new station in Belfast, U105, achieved a creditable reach of 72,000 listeners after its first full year in operation.

> "Our strategy is to build and maintain a network of market leading stations in Ireland's key urban areas, thereby providing an attractive advertising platform both locally and nationally."

Each of our radio stations in Ireland offers quality programming tailored to the listening needs of audiences in their local areas. Our output is broadly based, with a mix of music, news, sport and other speech based programming. The knowledge and expertise of local management teams is supported by extensive research programmes which facilitate us in continuously evaluating our output and adapting it to emerging listening trends. We differentiate our services by positioning them as having the strongest local focus and by ensuring that we are perceived as being an integral part of the communities in which we broadcast. We achieve this not only through our on-air offering of local news, sport, current affairs and specialist programming but also through our off-air activities such as involvement in charity and community events.

The audiences which this strategy delivers are sold locally by dedicated sales teams and nationally by our wholly owned sales house, Broadcast Media Sales (BMS), which also sells airtime for two independently owned radio stations, Galway Bay FM, the leading radio station in Galway, and Beat FM, a regional station broadcasting in the south-east of Ireland. BMS, therefore, can offer advertisers both targeted marketing to local consumers and also the opportunity to address the national audience of the two thirds of adults to whom we broadcast on the island of Ireland. This audience in primetime is greater than either RTE's 2FM or the independent Today FM's national services. This listenership, combined with a buoyant Irish economy, enabled our radio stations in Ireland to achieve like-for-like revenue growth of 12% in 2006.

New Media

Our objective in this business is to improve profitability while continuing to grow our customer base. The division provides residential and business internet access, telephony and cross media content services to consumers across Ireland. Web design and development, hosting and domain registration services are also provided by the division to both business and personal customers. Our broadband service offers speeds from 1mb to 8mb along with a range of ancillary products including wireless and internet security options. Our competitive residential telephony product can be purchased as a stand alone voice service or in conjunction with our broadband offering including a new broadband phone (VOIP) service in Northern Ireland.

The website u.tv utilises group resources to gather content across news, sport and entertainment while in turn cross promoting programmes, on-air personalities and activities related to our broadcasting business in Ireland. The web design and development team constructed and launched our new talkSPORT.net website to further enhance the revenue generating capabilities of our national radio channel.

Within a very competitive digital media landscape, this division increased its revenues by 17% to £9.5m in 2006 (2005: £8.1m) and improved operating profit margins to 11% (2005: 9.8%).

Corporate and social responsibility

UTV has met the FTSE4Good criteria and is therefore a constituent member of the FTSE4Good Index Series. For inclusion, eligible members must meet criteria requirements in five areas:

- Working towards environmental sustainability
- Developing positive relationships with stakeholders
- Up-holding and supporting universal human rights
- Ensuring good supply chain labour standards
- Countering bribery

This achievement demonstrates UTV's commitment to responsible business practice and management of its social, environmental and ethical risks. Further information on how the Group meets its responsibilities is contained within the Directors' Report and on the UTV corporate website www.utvplc.com.

John McCann
Group Chief Executive
5 April 2007

Paul O'Brien
Group Finance Director

Basis of preparation of financial statements

The Group and its parent company have prepared its financial statements under International Financial Reporting Standards (IFRS). The accounting policies adopted by the Group are set out in Note 2 of the "Notes to the Group Financial Statements".

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

Results

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

Revenue

Group revenue increased by 22% or £20.8m when compared to 2005.

2006 has seen solid growth in our Radio and New Media segments compensating for a decline in Television revenues. 2006 represents a full twelve months trading for Radio GB, whereas 2005 represents circa, seven months due to the acquisition of The Wireless Group plc completing on 6 June 2005.

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

Profits

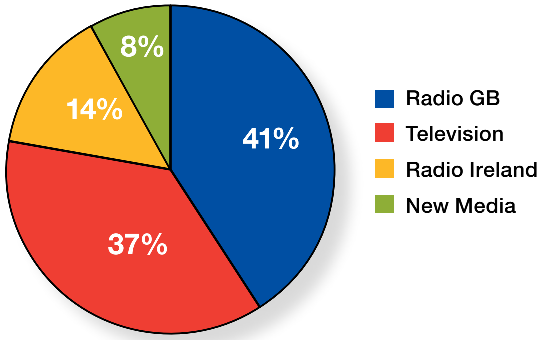
Operating profit before exceptional items was broadly flat at £24.8m (2005: £24.9m). The operating profit performance is reflective of excellent profit growth in our GB and Ireland Radio and New Media segments offset by a £3.7m reduction in Television operating profit.

Revenue analysis by business segment

	2006 £m	*2005 £m*	*Increase/ (decrease)*	*% Change*
Radio GB	45.7	25.1	20.6	82
Television	42.4	45.8	(3.4)	(7)
Radio Ireland	15.9	13.7	2.2	16
New Media	9.5	8.1	1.4	17
	113.6*	92.7	20.8	22

* Subject to roundings

2006 Revenue Analysis



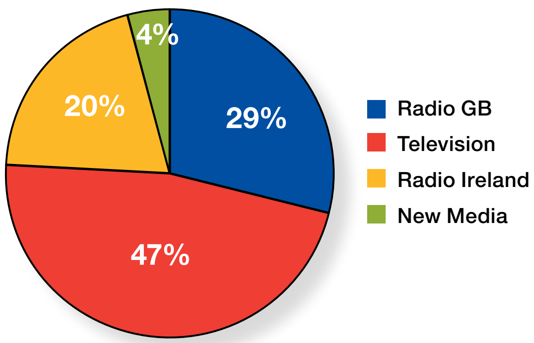
Operating profit analysis by business segment

	2006 £m	*2005 £m*	*Increase/ (decrease)*	*% Change*
Radio GB *	7.1	4.9	2.2	45
Television	11.7	15.4	(3.7)	(24)
Radio Ireland **	4.9	3.8	1.1	28
New Media	1.1	0.8	0.3	31
	24.8	24.9	(0.1)	-

* Radio GB includes start-up losses of £1.7m (2005: £0.1m) in respect of our radio station in Edinburgh

** Radio Ireland includes start up losses of £0.9m (2005: £0.8m) in respect of our radio station in Belfast

2006 Operating Profit Analysis



Net financing cost
Our net financing cost of £8.0m (2005: £4.5m) mainly reflects the full year financing cost of The Wireless Group plc which was acquired in June 2005.

Profit before tax
The Group's profit before tax, excluding exceptional items, of £16.8m (2005: £20.8m) reflects the increased earnings from our Radio and New Media businesses, offset by reduced levels of profitability in our Television business referred to earlier. This coupled with the increased financing cost of £3.5m results in the reduction in pre-tax profits.

Exceptional items
When we acquired the Wireless Group plc last year, we did not recognise the full amount of tax losses carried forward in the Group balance sheet until it was clear that these losses would be available to the Group going forward. An agreement was reached with HMRC during 2006 that these losses would be available to certain Group companies going forward and therefore the net amount of these losses is recognised as a deferred tax asset of £16.2m on the Group balance sheet. The Group has conducted an impairment review of the carrying value of its intangible assets and this resulted in an exceptional charge of £20.2m (net of deferred tax liability release it is £16.2m), reflecting market conditions in the Radio GB market. The Group accrued costs relating to aborted transactions of £0.5m.

Taxation
The tax charge on operating activities for the year of £3.6m (2005: £5.1m) represents an effective tax rate of 21.5% (2005: 26%). The effective rate reflects profits from our UK operations at the UK corporation tax rate of 30% and profits in our Republic of Ireland operations at the Republic of Ireland corporation tax rate of 12.5%.

The exceptional tax gain is detailed under the exceptional items heading above.

The Group's cash tax outflow of £2.4m is significantly reduced when compared to the 2005 figure of £4.3m and this is mainly due to the utilisation of losses brought forward in our GB radio operation.

Earnings per share
Basic earnings per share for 2006 are 22.55p (2005: 26.38p). Fully diluted earnings per share for 2006, which takes into account the dilutive effect of share options, are 22.39p (2005: 26.09p). Diluted adjusted earnings per share for 2006 are 23.08p (2005: 27.14p) and is adjusted for the net exceptional items of £0.5m (2005: £1.2m).

Dividend
The Board is proposing a final dividend of 8.00p (2005: 7.75p). Subject to shareholder approval this will result in a full year dividend of 13.00p (2005: 12.50p), an increase of 4%. The dividend cover is 1.78x.

Balance sheet
An increase in net assets of £6.2m to £54.5m (2005: £48.3m) broadly reflects a reduction in net debt of £8.6m to £117.6m (2005: £126.2m). The value of intangible assets has reduced by £21.5m to £183.7m (2005: £205.2m) as a result of carrying out an impairment review (see earlier comments under the exceptional heading) and movement in the euro/sterling exchange rate.

Pensions
The Group operates two defined benefit pension schemes, one in Northern Ireland ("The UTV Scheme") and the other in Great Britain. The latter scheme had been part of the Wireless Group plc. Both schemes are funded by the payment of contributions to separately administered trust funds.

The deficit at 31 December 2006 on these schemes had reduced by £2.3m to £4.0m (2005: £6.3m). The assumptions underpinning the schemes deficit calculations are set out in Note 30. The Group has committed £5.3m to fund the deficit level under the UTV scheme. This level of funding will be paid to the pension scheme over a three year period commencing in 2007.

Net Cash Flow

	2006 £m	*2005 £m*	*Increase/ decrease £m*
EBIT [1]	24.8	24.9	(0.1)
Depreciation & amortisation	1.9	1.7	0.2
EBITDA	26.7	26.6	0.1
Capital expenditure (net)	(1.9)	(1.8)	(0.1)
Working capital movement	1.0	1.0	-
Exceptional costs	-	(1.1)	1.1
Free cash flow	25.8	24.7	1.1
Net financing costs	(7.6)	(6.1)	(1.5)
Tax	(2.4)	(4.3)	1.9
Dividends paid to equity shareholders	(7.0)	(6.4)	(0.6)
Other cash flows	(0.2)	0.1	(0.3)
Net cash flow [2]	8.6	8.0	0.6

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

(2) Cash flow excluding acquisitions expenditure in 2005

The Group net operating cash flows show an increase of £0.6m to £8.6m (2005: £8.0m).

The main movements are a financing cost increase of £1.5m, reflecting the full year impact in 2006 of increased debt levels post the acquisition of the Wireless Group plc, an increase in dividend payment of £0.6m, no exceptional cash outflow in 2006 and a reduction in tax outflow of £1.9m due to the utilisation of losses brought forward as a result of the Wireless Group plc acquisition.

Capital structure and financial risk management

At 31 December 2006 the Group had:

- reduced net debt to £117.6m (2005: £126.2m)
- a net debt : EBITDA ratio of 4.41x (2005: 4.37), and
- an EBITDA : interest cover of 3.55x (2005: 6.96)

The above ratios are calculated based on banking covenant requirements. In each case the EBITDA is calculated after adjusting for £0.2m of pre-launch costs of talk107 and the interest excludes the charge relating to deferred financing costs of £0.4m.

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

- £120.5m with UTV plc, of which £30m is a revolving credit facility
- €35m with UTV Radio (ROI) Limited
- €5m revolving credit facility with UTV Radio (ROI) Limited
- £4m bi-lateral term loan facilities, and
- cash and cash equivalents of £7.9m

The bank facilities are secured by way of a floating charge over the company's assets.

The Group has borrowings against these facilities of £126.6m leaving it with unutilised facilities of £19.7m plus cash reserves.

The Group has entered into interest rate swaps fixing the base interest cost for a percentage of its sterling and euro denominated debt:

- 55% of £120.5m facility is fixed at 4.56% + applicable margin
- 65% of €35m facility is fixed at 3.83% + applicable margin

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

Paul O'Brien
Group Finance Director
5 April 2007

talkSPORT's Ian Wright

UTV Radio is one of the largest radio companies in the UK operating 18 radio stations across Great Britain. These include talkSPORT, the UK's only national commercial speech radio station and talk107, the only local commercial speech radio station outside of London.

The remaining 16 ILR (Independent Local Radio) stations provide an entertaining and varied mix of music, chat and news from their relative transmission areas.

talkSPORT at the World Cup

2006 was the year that talkSPORT established itself as a credible and distinctive alternative to Five Live for broadcasting live and official commentary and analysis from the world's biggest football events.

This was achieved at the FIFA World Cup tournament in June and July, when, as a licensed broadcaster, talkSPORT devoted more airtime to the event than any other radio station in the UK.

This commitment to live football was cemented for the future by the station's successful bid to broadcast live and exclusive commentary of Premiership football games on Saturday afternoons starting next season. This historic achievement will make talkSPORT the first national commercial radio station to broadcast top-flight domestic football since the BBC first aired live football commentary in 1927.

UTV Radio's investment in World Cup broadcasting was backed up by a significant marketing and PR campaign which further established talkSPORT's credentials as an exciting alternative to the BBC. A talkSPORT World Cup single, featuring talkSPORT presenters and an album were released, with the album topping the charts and going gold within four weeks.

talkSPORT achieved a coup during the tournament by becoming the only UK radio station to secure space on the German digital radio spectrum. This enabled England fans across Germany to tune in to talkSPORT where they were able to enjoy live commentary and expert analysis of each and every game. As a result, branded DAB radios went on sale in the UK beforehand for fans to take with them and extra radios were installed in the England players' bedrooms in Baden-Baden.

The station had already staked its claim as a major force in live football commentary by being the official broadcaster of the Champions League campaigns for Chelsea, Arsenal and Liverpool. This was the first time that the radio station had struck a deal with Liverpool Football Club and in August, Manchester United was added to the list for the first time.

On top of the UEFA Cup, Champions League and World Cup commentaries, talkSPORT invested in outside broadcasts on landmark sporting events outside of football, taking the Alan Brazil Sports Breakfast show on the road in March for the Cheltenham Festival and the Commonwealth Games in Melbourne.

Golf also took centre stage on the station. In July, the station broadcast more than 8 hours a day of live coverage of The Open golf championship at the Royal Liverpool in Hoylake.

talkSPORT's George Galloway

'The voice of golf', Bob Bubka, led the commentary team that provided listeners with regular updates from the course as Tiger Woods drove, chipped and putted his way to a 3rd Open and 11th career major title.

The Alan Brazil Sports Breakfast Show also broadcast live from Australia's Gold Coast for a week in November as a prelude to The Ashes tour. The show was supplemented by talkSPORT's Ashes team, including Jack Bannister, ex-England player Ronnie Irani, Barmy Army correspondent Jon Norman and simulcasts with Melbourne sports station SEN.

And the studios of talkSPORT were visited by some of the biggest names in boxing. Legends such as Joe Frazier, George Foreman, Mike Tyson and Sugar Ray Leonard all stopped by, as did current IBF Inter-continental light-welterweight champion Amir Khan.

Alan Brazil along with Andy Townsend, presenter of the station's weekend breakfast show, lead an all-star team of sports presenters which includes Terry Christian and Kelly Dalglish. Manchester United season ticket holder Christian, who gained fame as presenter of the TV programme The Word, presents 'Final Whistle' on Saturday afternoons alongside Newcastle legend Micky Quinn. Sky Sports presenter Dalglish is the station's first female anchor, joining Gabriele Marcotti and Jason Cundy on Monday evenings for 'Kick Off'.

This line-up has been further strengthened with the arrival of England and Arsenal hero Ian Wright in March 2007. Wright presents the drivetime show alongside current anchor Adrian Durham from 4 to 7 pm Mondays to Thursdays.

Controversial MP George Galloway joins talkSPORT

The non-sports presenting team has been transformed with the hiring of two very different on-air personalities for the station – controversial MP George Galloway and Sony award-winner Jon Gaunt.

Galloway joined the station in March 2006 to present his own show on Saturday and Sunday nights and was an instant success. Within weeks he was attracting the highest call rates in the station's history. In August, he made history when he hosted the first ever radio phone-in live from a war zone. As the most controversial exponent of Middle East politics, Galloway broadcast his outspoken beliefs, which evoked a whirlwind of scorn and outrage from listeners, live from Beirut as Israel and Palestine waged war on one another.

Newspaper columnist Jon Gaunt was hired for mid-mornings Monday to Friday and politically, is the polar opposite to George Galloway, but just as vocal.

Behind the scenes, talkSPORT Creative, the team behind the station's unique sound, received industry-wide recognition for their work by winning the Arqiva Commercial Radio Station Sound Award; the prestigious Radio Academy Gold Award for Creative Team of The Year; and a Bronze Sony Award for Station Image.

Ratings rise at talkSPORT

talkSPORT ended the year by scoring the highest increase in weekly listener reach, year on year, of any national commercial radio station according to RAJAR results. talkSPORT's weekly reach of 2.2 million adults is 3% up year on year, twice as much as the increase of commercial radio overall. Listening hours for the speech station totalled 18.6 million, which is 2.4 million higher than the combined AM and FM totals of our nearest commercial competitor, Virgin Radio. talkSPORT also commanded a bigger share of the market with 1.8%, compared to Virgin's 1.5%.

The Alan Brazil Sports Breakfast Show also scored its highest ratings of 2006 in the Autumn, topping one million listeners every week.

Nationally, talkSPORT's audience profile remains highly attractive to advertisers, with 76% of its audience being male and 59% ABC1. Male listening now accounts for more than 80% of all talkSPORT's listening hours, an all-time high since the station was launched as Talk Radio in 1995.

UTV Radio's local radio stations in GB

2006 has seen UTV Radio (GB) continue to focus on improving listenership and sales in its 17 ILRs.

Following the appointment of a Group Programme Director in February 2006, UTV Radio (GB) embarked on a programme of significant investment in audience research and music testing.

Results of the research and testing has enabled the ILRs to change and refine music output so the stations better reflect the wants, needs and tastes of their listeners. Early indications show that the investment programme is proving successful as the UTV Radio (GB) ILR market share increased from 6.9% to 7.7% according to RAJAR results.

Flagship station Signal 1 in Stoke-On-Trent has been driving the audience testing and research. Having tested more than 1,200 songs and with a further 12,000 to test, the station's sound has dramatically changed. The play list is now made up of songs the listeners love, rather than simply songs that were hits.

In addition to improving the on-air quality of its stations, UTV Radio (GB) has invested in the environment in which its staff work to promote productivity and stimulate further creativity. To this end, the studios and offices of Imagine FM in Stockport were refurbished, whilst The Wolf in Wolverhampton moved into spacious new premises in June.

Introducing talk107

On February 14, 2006, UTV Radio (GB) made history when it launched talk107, the first local commercial talk radio station outside of London. After a modest start, the station has increased its audience weekly reach and listening hours in each of the reported RAJAR periods.

talkSPORT presenter MSP Tommy Sheridan

Outspoken socialist MSP Tommy Sheridan joined the station as part of its new weekend presenter line-up in December, providing his own unique view on the issues of the week.


Rock group Embrace visit Pulse FM

And in a world exclusive, presenter Mike Graham spoke live on-air with Kenny Richie, the Edinburgh born man convicted of murder and sentenced to the electric chair in 1987 in Ohio, USA. Speaking from his death row cell in Ohio, Richie confirmed he is continuing his 19 year bid to clear his name.

In a city that is renowned for discovering new bands, 2006 saw Liverpool's Juice FM change its sound for a clear mix of guitar driven, indie and dance tracks making it the station for the young in Liverpool.

2006 was also a year of awards for Juice FM, with the station being named the winner of the NTL Arqiva Marketing Award 2006, as well as receiving a Radio Academy Marketing Award for its WKD Reddies promotion. The news team was also awarded a New York Festival's bronze medal for Social Issues/Current Events.

In Yorkshire, Pulse FM repositioned itself, focusing on a clear target audience of women with young families. With this clear brief, the station increased its market share year on year by 9%.

In South Wales, Swansea Sound and The Wave launched an inaugural search for local heroes, which culminated in a glittering awards ceremony attended by members of the local business community and celebrities including actress Ruth Madoc, local boxing champion Enzo Maccrienelli and Swansea City footballer Lee Trundle.

The two stations also became sponsors of 'Citizens of Pride' (COPs) a new initiative to tackle crime in Swansea. Swansea Sound's Breakfast Show presenter Kevin Johns became the first COP and it is hoped that thousands of Swansea citizens will follow his example and join the scheme to help make Swansea a safer place.

UTV wins new local radio licence

In December 2006, UTV Radio (GB) was awarded the new radio licence for central Lancashire by the broadcasting regulator Ofcom. Proud FM beat off stiff competition by promising to cut down on DJ chat and focus on intelligent presentation and is expected to go on air by late 2007.

U105 presenters celebrate a successful first year in operation.

2006 saw UTV Radio Ireland continue to grow from strength to strength. Our radio stations in Cork, Limerick and Louth/Meath all maintained their strong market leading positions. Our newest station, U105 in Northern Ireland celebrated its first full year in operation by delivering a record 72,000 listeners each week and Dublin's Q102 launched an all new breakfast show hosted by comedian Alan Shortt.

On the commercial front, UTV's Dublin based sales house Broadcast Media Sales (BMS) which sells advertising on behalf of UTV Radio stations and Galway Bay FM and Beat 102/103 continued to offer a strong national alternative to advertisers. The BMS stations now deliver an average primetime audience of 132,000, well in excess of national stations Today FM and 2FM.

U105 FM

U105 completed its first full year in operation by delivering a weekly reach of 72,000 listeners, firmly establishing itself on the highly competitive Northern Ireland radio scene.

In addition, the latest RAJAR showed that U105 attracted a high proportion of ABC1 adults (56%) which advertisers are keen to target, along with weekly listening hours of almost half a million being achieved.

The station enjoyed like for like growth on all shows with audiences appreciating its distinct and diverse programme schedule which was backed up by substantial marketing campaigns throughout the year.

The station's on-air line-up changed in the Autumn with Drivetime's Maurice Jay moving to breakfast, TV presenter Frank Mitchell taking on the mid-morning talk show and veteran broadcaster George Jones presenting the evening drive. U105 broadcast from a number of high profile events in the area including, the Belfast Maritime Festival, the North West 200, the Garden Show, the Special Olympics and the Highland Games at Glenarm.

Cork's 96 & 103FM

96 & 103FM continued their dominance of the Cork airwaves during 2006 achieving a market share of 52%.

Cork's 96 & 103FM once again hosted the GAA Sports Star of the Year Awards which saw Mary O'Connor - who won all-Ireland medals in ladies football and camogie - taking the top award on the night. A special presentation was made to local hurling legend Brian Corcoran for his contribution to Cork GAA by the President of the GAA, Nicky Brennan.

96 & 103FM continued their Christmas food appeal in association with the Cork Lions Club successfully raising €115,000 worth of hampers for deserving families in the area.

The stations' news and daily talk shows continue to reflect all aspects of Cork life with strong interaction with local audiences throughout the day.

The new 'Q Breakfast Show' with Alan Shortt.

Dublin's Q102

The station achieved a market share of 6% during 2006 in the highly competitive Dublin marketplace, with the station's daily talk show - 'On the QT' - and its night-time programming performing particularly well.

In Spring, Q102 took ten lucky listeners on the trip of a lifetime to Australia for a live broadcast of the breakfast show from Sydney. Q102 unveiled its new Q Breakfast Show in 2006 presented by comedian and impersonator Alan Shortt and Dublin radio personality Debbie Allen which is proving a firm favourite with listeners.

Q102 also carried out a high profile on-air charity auction supporting Angels Quest, a respite care charity. The day proved a fantastic experience for listeners and staff alike, and raised in excess of €50,000 for Angels Quest. Later in the year the station also produced a Christmas CD with all funds raised going to the charity.

LMFM

The station increased its listenership across each quarter of 2006, culminating in a year end market share of 37%.

The environment was to the fore at LMFM once again in 2006 as the station carried its final series of Eco-Radio, where students throughout the North East were invited to produce and present programmes on the environment.

LMFM was also successful in securing funding from the Broadcast Commission of Ireland's Sound and Vision Fund to produce two new series - 'Local Legends of Sport' - featuring some of the North East's most celebrated sports people and 'Tales Retold' - short dramatisations of local legends.

A new programming feature, Cashcall was introduced to the station in June which proved hugely popular with local listeners who won more than €30,000 in cash prizes during the year.

Limerick's Live 95FM

Live 95FM continues to be the station of first choice for Limerick listeners with a massive 47% market share.

2006 saw Live 95FM beat off competition to successfully win a new ten year licence, subject to contract, from the Broadcast Commission of Ireland, to broadcast to the listeners of Limerick city and county.

Local sport is a key focus for the station which once again sponsored the County Senior Hurling and Football Championships. In addition, extensive coverage was given to Munster's quest for Heineken Cup glory which culminated in live coverage of the Lansdowne Road semi-final and the final in Cardiff's Millennium Stadium. The station played a key role in staging the homecoming street celebrations where tens of thousands of listeners turned out to welcome their heroes home.

Live 95 won a highly prestigious PPI Radio Award in 2006 highlighting the station's commitment to raising the profile of emerging acts in the Limerick area.

The team at Live 95FM celebrate the renewal of the station's 10 year licence.

UTV - The Channel of First Choice in Northern Ireland

In 2006, UTV Live at Six became the UK's most watched regional news programme with an average share of 37% and 168,000 viewers.

UTV's, Gerry Kelly with Special Olympics athletes, Una McGarry, Jennifer Bennett and Gary McIlwaine at the filming of the TV ad for the Games.

UTV is the Channel 3 licensee for Northern Ireland contracted by Ofcom to provide a television service offering a high quality diverse schedule that reflects a modern society.

UTV provides a popular public service programme schedule with a wide range of dynamic and distinctive ITV Network and UTV regional productions. We operate in perhaps the UK's most competitive television market with significant multi-channel digital television, and in much of our broadcast area the availability of established and new channels from the Republic of Ireland. Yet despite this ever-growing competition - more than 500 channels - UTV remains by far the most viewed television service in Northern Ireland. Viewing to UTV was 57% stronger than its closest competitor in peaktime in 2006, as UTV achieved an average audience share of 33.5% against BBC1 Northern Ireland's 21.4% share.

While terrestrial broadcasters are losing significant audience share, UTV's peaktime average for the last five years has constantly been within a range of 1%.

Peak Performance	2002	2003	2004	2005	2006
UTV	34.5%	33.6%	34.5%	34.0%	33.5%
ITV	31.5%	31.4%	30.6%	29.0%	26.8%

UTV is your TV

As competition intensifies from new channels and indeed from alternative platforms, UTV continues our commitment to quality public service regional programming. Our regional productions are frequently scheduled in highly competitive peaktime slots and need to deliver a large audience. UTV sees no difficulty in associating the best public service broadcasting with a highly commercial business proposition. We have an overriding advantage in delivering our objectives – we know the interests and the issues that affect our audience, we understand the cultural and social background of Northern Ireland and have been proud to be part of our community for almost 50 years. In 2006 every major returnable series commissioned by UTV increased its audience share. Lesser Spotted Ulster, A Day in the Life, Gerry Meets… (which replaced Kelly) and the current affairs series Insight all attracted more viewers.

2005 v 2006 figures:

Lesser Spotted Ulster	2005	2006
Viewers	106,000	151,000
% Share	23%	28.8%

Insight	2005	2006
Viewers	137,000	146,000
% Share	24%	24.8%

A Day in the Life	2005	2006
Viewers	107,000	123,000
% Share	20%	24.6%

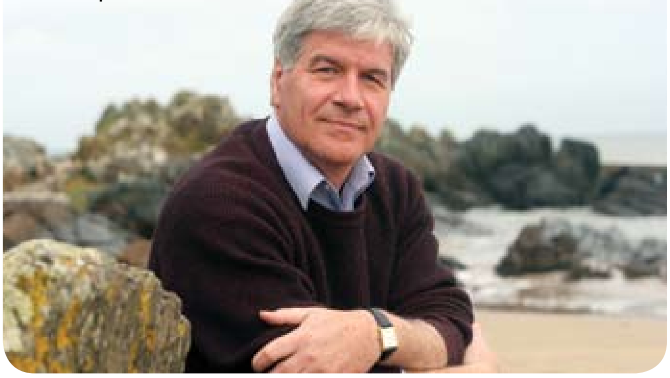
Gerry Meets…	2005	2006
Viewers	110,000	121,000
% Share	21% (Kelly)	22.9%

In 2006 UTV produced a diverse portfolio of programming including news and current affairs, arts, entertainment, sport, documentary, animation, religious, factual and children's programming. All UTV regionally produced output has a strong sense of place which derives from a local production team and presenters who know their region well.

Taking responsibility

One of UTV's proudest achievements of 2006 was becoming the Official Broadcast Partner of the Special Olympics Ireland Games held in Belfast. As part of the build-up to the games, a series of 20 short programmes called Special Stories was commissioned. Each of these programmes focussed on the efforts of an individual athlete, trainer, volunteer or family

Lesser Spotted Ulster



involved in the games. The Games opened in June and UTV broadcast the full two-hour ceremony. UTV personalities took significant roles at the opening and presenter Gerry Kelly was one of the main hosts. Throughout the events UTV news and sport bulletins covered both the action and the personal stories, and to round off the Games a peaktime highlights programme was produced.

In 2006 UTV produced and broadcast 28 community service announcements. Staff from the voluntary, statutory and support organisations who participated in these programmes were given training and encouragement to create their own short programme.

An important element of our diverse service is the sub-titling of regional programming. In 2006, 98% of our locally produced output was subtitled and we met regularly with the RNID to receive feedback and develop further the services required to meet viewers' needs. In addition, as part of the celebration of the Centenary of the RNID, UTV "signed" an entire edition of UTV Live.

We also catered for our partially sighted viewers with a weekend of feature films which were specially 'audio described'.

Proud to be Number One

In 2006 UTV Live at Six became the UK's most watched regional news programme. We averaged a 37% share and 168,000 viewers. Our closest ITV competitor scored a 25% share and we were one of only two ITV regions to show an increase in their regional news audience in 2006. In addition, UTV Live at 1730, which underwent a remodelling of programme format in the summer, improved its audience volume by 14% year-on-year.

These figures underline what we have always recognised in our audience – that they require the highest standards of news reporting and programme production. Our viewers want our news to be consistently impartial, accurate and fair. In 2006 we also remodelled the studio look of UTV Live to make the programme more friendly and accessible. Our journalists received training in regulatory and legal issues and we significantly improved our use of on-air graphics.

News Ratings

UTV Live at 1730	**20.1%**
ITV Network average 1730	**11.8%**
UTV Live at Six	**37%**
ITV Network average 1800	**19.9%**
BBC Newsline at 1830	**27.2%**

As part of our commitment to serving the whole of Northern Ireland, in the autumn UTV relocated our North West office to larger premises with better equipment and a studio. We also invested in new digital editing suites and a central server in our main production centre.

UTV believes it has the best team of programme makers, reporters, camera crews and editors producing regional news in the United Kingdom. It's due to their hard work and understanding of our audience that UTV Live is such a huge success.

Peaktime current affairs

UTV's investigative current affairs programme Insight continues to replace Tonight with Trevor McDonald in our programme schedule on Monday at 2000. The programme's average share of 24.8% is 7 percentage points stronger than the average for the network programming. Never afraid to ask probing questions, the series continues to investigate injustices and hold those in positions of authority to account. In 2006 Insight covered a wide range of stories, and two programmes in particular achieved an audience share of more than 30%. The Spying Game featured analysis of the death of Denis Donaldson and the highest performing Insight of the year challenged senior members of the Orange Order and asked why convicted murderers were allowed to be members of the organisation.

Mainstream current affairs on UTV and on other channels has not always been successful in engaging the next generation of viewer. Nor are broadcasters necessarily successful in finding the next generation of talent whether that be presenting, specialist guests or new-to-television commentators. A late-night interactive current affairs format L8 and Live was devised to address these issues. L8 and Live was the top performing series in the Friday 2300 slot across the whole of 2006 in the UTV region. It was also UTV's first attempt at inviting our audience at home to participate in live programming. We received a significant volume of texts and emails for this programme.

The strength of the brand

In 2006 significant effort and resource went into ensuring our brand strengths were maximised. UTV has one key aim – to remain the number one choice for television in Northern Ireland. The UTV brand and the familiar faces on the channel are huge assets in holding and developing viewer loyalty.

UTV Internet's Paul Doherty, Carl Stinson, Jeremy Biggerstaff and Patrick Rafferty celebrate the company's fourth 'Best Service Provider Award'.

UTV Internet was named Best Service Provider this year, at the highly prestigious Digital Media Awards, for the fourth time since the awards were launched in 2002.

UTV Internet's range of products, competitive pricing and commitment to customer care – as well as the dedication of staff – proved a winning combination once again.

Broadband and telephony

UTV Internet enjoyed continued success within the broadband and telephony markets in 2006. Subscriptions for broadband grew by more than 75% with the introduction of a range of new options for customers including wireless services, faster broadband speeds and price promotions. Across Ireland all customers benefited from an unlimited usage promotion, a new internet security product and the addition of our highly competitive UTV Talk telephony package.

UTV Talk remains one of the most competitive telephony products in the market with free evening and weekend calls within Ireland and the UK. The product was further enhanced in 2006 with the introduction of UTV Talk Anytime which enables customers to make these landline calls at anytime day or night for a fixed monthly fee.

Online services across UTV

Each month there are more than one million visitors to our Group websites and UTV Internet continues to develop and manage all Group online services.

2006 saw the successful re-launch of talkSPORT's website which helped increase web traffic by more than 50% across the Group. The launch of a podcasting service for talkSPORT resulted in its breakfast show being one of the most frequently downloaded stations on iTunes. Growth and development of the content for both www.talksport.net and our main Group portal www.u.tv remains a key focus in 2007.

Streaming is a key feature of all our websites with live news on www.u.tv and live online radio across all stations.

Web design and development is an increasingly important part of the business with major contracts secured in 2006 for a range of existing and new customers including MyHome, Myhome2Let, Autobahn and Belleek Pottery.

In 2007 we will continue to expand the choice of products and features to meet customer needs with the launch of an exciting new product which will enable all our consumers to use their broadband line for making video phone calls.

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 Allied Irish Bank plc and Chairman of Allied Irish Bank UK plc, Cooneen Textiles Limited and Inter 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 67.

R E Bailie OBE

Mr Bailie is Chairman of W & G Baird (Holdings) Limited and is a member of the Court and Chairman of the Audit Committee of the Bank of Ireland. He is also a graduate of the Harvard School of Business. Among his business interests are a number of other directorships and he was until recently a member of the Court of the Bank of England and until 31 December 2002 was the Chairman of the Northern Ireland Tourist Board. Mr Bailie was appointed to the Board on 18 September 1996. Aged 63.

M H Morrow

Mrs Morrow was a Commissioner of Londonderry Port and Harbour and is currently Managing Director of Nuprint Fabric Convertors Limited and was previously a Board member of Co-operation Ireland. Mrs Morrow was appointed to the Board on 24 March 1997. Aged 51.

K Lagan

Mr Lagan is the Chairman and Chief Executive of Lagan Holdings (UK) Limited. He was until recently 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 56.

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 53.

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, which subsequently became Group Finance Director. On 18 December 2006, Mr Downey was appointed as Group Commercial Director. Aged 60.

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 36.

Group Finance Director: P O'Brien FCMA (appointed 18 December 2006)

Mr O'Brien joined UTV on 4 September 2006 as Group Finance Director (Designate). Prior to joining UTV plc, he spent over four years working with IWP International plc as Group Finance Director and earlier as Group Financial Controller. He also has over 10 years experience in senior finance roles in the IT industry with Compaq Computer Corporation, Digital Equipment Corporation and an indigenous Irish software services company, IT Alliance Group.

He was appointed to the Board as Group Finance Director and Company Secretary of UTV plc on 18 December 2006. Aged 39.

Membership of Board Committees

Audit Committee	Remuneration Committee	Nomination Committee
R E Bailie (in the Chair)	K Lagan (in the Chair)	J B McGuckian (in the Chair)
M H Morrow	R E Bailie	R E Bailie
K Lagan	M H Morrow	M H Morrow
		K Lagan

The Group is committed to high standards of corporate governance and the Board acknowledges its responsibility to achieving management accountability, improving risk management and ultimately to creating shareholder value. The provisions set out in Section 1 of the Combined Code on Corporate Governance published by the Financial Reporting Council in July 2003 and appended to the Listing Rules require UK listed companies to report on the manner in which they apply the Principles of Good Governance and the extent they comply with the Provisions set out in the Code of Best Practice.

Statement of compliance

The Company has complied with the provisions set out in Section 1 of the revised Code throughout the year with the exception of the following matter.

Provision A.3.2 Prior to 31 March 2006 when A Bremner retired and from 18 December 2006 when P O'Brien was appointed to the Board, the Company did not comply with the recommendation that at least half the board, excluding the Chairman, should comprise non-executive directors.

This is a temporary situation and it is the intention of the Board to co-opt additional non-executive directors.

The working of the board and its committees

The Board

Between 31 March 2006 and 18 December 2006, the Board comprised the independent non-executive Chairman, the Group Chief Executive, two other executive Directors and three independent non-executive Directors. A Bremner retired as an executive Director on 18 March 2006 and P O'Brien was appointed as an executive Director on 18 December 2006.

The Chairman, R E Bailie and M H Morrow are regarded as independent in character and judgement notwithstanding that they have been members of the Board for longer than nine years. It is the belief of K Lagan that R E Bailie and M H Morrow continue to demonstrate strong independent characteristics in their capacity as non-executive directors. The roles of the Chairman and the Chief Executive are separately held and are so defined as to ensure a clear division of responsibilities. R E Bailie is the designated Senior Independent Director as required by the Combined Code. Biographies of the Directors appear within '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 is vital to the success of the Group. The Board is responsible to shareholders for the proper management of the Group. A statement of the Directors' responsibilities in respect of the financial statements is set out within the Report of the Directors and a statement on going concern is given below.

The Board has a formal schedule of matters specifically reserved to it for decision. All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. In addition, the Company Secretary ensures that the Directors receive appropriate induction and training as necessary. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Board meets at least eight times a year, reviewing trading performance, ensuring adequate funding, setting and monitoring strategy, examining major acquisition possibilities, formulating policy on key issues and reporting to the shareholders. The non-executive Directors have a particular responsibility to ensure that the strategies proposed by the executive Directors are fully considered. On joining the Board, Directors are given background documents describing the company and its activities. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. 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. The Chairman ensures that the Directors take independent professional advice as required.

Under the Company's Articles of Association the executive Directors do not retire by rotation. The Company adopts a policy, in line with the requirements of the Combined Code, whereby the executive Directors submit to re-election on a three year rotation basis.

The following committees deal with specific aspects of the Group's affairs:

Audit Committee

The Audit Committee is chaired by R E Bailie and its other members are M H Morrow and K Lagan. It normally meets not less than three times annually. The Committee provides a forum for reporting by the Company's auditors. Meetings are also attended, by invitation, by Group Chief Executive and Group Financial Director.

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 the information reported to the shareholders. The Audit Committee advises the Board on appointment of external auditors and on their remuneration both for audit and non-audit work, and discusses the nature, scope and results of the audit with the external auditors. The Audit Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditors.

During the year a recruitment process was carried out for the appointment of an internal auditor. This individual will commence employment in the forthcoming weeks and will formalise this function.

Remuneration Committee

The Remuneration Committee is chaired by K Lagan and its other members are R E Bailie and M H Morrow. It is responsible for making recommendations to the Board, within agreed terms of reference, on the Company'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 remuneration consultants.

Further details of the Company's policies on remuneration, service contracts and compensation payments are given in the Report of the Board on Directors' Remuneration.

Nomination Committee

The Nomination Committee is chaired by J B McGuckian and its other members are R E Bailie, M H Morrow and K Lagan. 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 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 Company as it deems necessary to fulfil its responsibilities. All Directors are subject to re-election at least every three years.

The letters of appointment of the non-executive Directors and terms of reference of the Board and each of its committees will be made available at the Annual General Meeting of the Company.

In 2006, the number of meetings of the Board and its committees, and the attendance by the members is outlined below:

	The Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of Meetings	9	3	5	1
J B McGuckian	9	-	-	1
R E Bailie	9	3	5	1
M H Morrow	9	3	5	1
K Lagan	9	3	5	1
J McCann	9	-	-	-
J R Downey	9	-	-	-
A Bremner (1)	2	-	-	-
S Taunton	9	-	-	-
P O'Brien (2)	3	-	-	-

(1) Resigned from the Board on 31 March 2006
(2) Appointed to the Board on 18 December 2006. Attended these meetings by invitation

As a result of the continued growth of the Group over the last few years and the increasing legislative and regulatory requirements, the Nomination Committee recommended a review of the structure of the Board and the appointment of another executive Director. Following this review, J Downey was appointed to the role of Group Commercial Director and P O'Brien was appointed to the Board as Group Finance Director.

The Chairman conducted an internal review of the Board covering, inter alia, the role and organisation of the Board, meeting arrangements, information provision and committee effectiveness. Following this review the Chairman met with each Director to discuss their views and to give feedback on individual performance. R E Bailie, as the Senior Independent Director, led a meeting of the non-executive Directors to appraise the performance of the Chairman. The results of the evaluation were reported to the Board and it was agreed that no further actions were required.

Relations with Shareholders

Communications with shareholders are given high priority. The Chairman's Statement and the Business and Financial Review include a detailed review of the business and future developments. There is regular dialogue with institutional shareholders after the Company's preliminary announcement of the year end results and at the half year. Formal feedback on these meetings is provided through the Brokers. This feedback is made available to the non-executive Directors.

In line with the Combined Code, the Annual Report and Financial Statements will be sent to shareholders to allow receipt twenty working days before the Annual General Meeting. Also all proxies will be counted and declared for each resolution at the Annual General Meeting.

The Board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. The Chairman is available at the Annual General Meeting to answer questions. Details of the resolutions to be proposed at the Annual General Meeting on 25 May 2007 can be found in the Notice of the meeting.

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.

Internal control

The Board is responsible for establishing and maintaining a sound system of internal control in the Group and for reviewing its effectiveness. 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.

An ongoing process, in accordance with the guidance of the Turnbull Committee on internal control, has been established for identifying, evaluating and managing the significant risks faced by the Group. The process has been in place for the full year under review and up to the date of approval of the Annual Report and Financial Statements.

The Group's key internal control procedures include the following:

- **Management structure**
  The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board. Each executive Director has been given responsibility for specific aspects of the Group's affairs. The executive Directors together with key senior executives constitute a management committee, which meets to discuss day-to-day operational matters.

- **Quality and integrity of personnel**
  The integrity and competence of personnel is ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment and the ethical standards expected are communicated through a corporate procedures manual. The appointment of senior executives within the Group requires the approval of the Board.

- **Identification of business risks**
  The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate course of action to manage those risks. These are reviewed regularly by the Board throughout the year assisted by periodic reports from the senior management group updating the Board on newly identified risk areas, controls established in known areas and scoring risks on the basis of impact on the Group, likelihood of events and controls in place.

- **Budgetary process**
  Each year the Board approves the annual budget. Key risk areas are identified. Performance is monitored and relevant action taken throughout the year through the monthly reporting to the Board on variances from the budget, and updated forecasts for the year together with information on the key risk areas.

- **Audit Committee**
  The Audit Committee reviews the effectiveness of the internal control process with management and reports on it to the Board. The Audit Committee also considers and determines relevant action in respect of any control issues raised by the auditors.

The Audit Committee has reviewed the effectiveness of the system of internal control as it operated during the year and reported their conclusions to the Board. The key processes used by the Audit Committee in carrying out its review of the effectiveness include regular reports from the executive Directors and senior management responsible for the identified significant risk areas of the Group's business; the updating of the summaries of key business risk areas and controls in place, regulatory and other external reports.

Going concern

After making due and careful enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

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 the three non-executive Directors appointed by the Board. It is chaired by K Lagan and its other members are R E Bailie and M H Morrow. 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 appointed and is advised by New Bridge Street Consultants LLP on Directors' remuneration. This firm does not provide any other material advice to the Group.

J McCann has a service contract with the Company dated May 1994 (with subsequent amendments made in May 1996, September 1997, August 2001 and September 2001). J R Downey has a service contract with the Company dated 14 September 2001. S Taunton has a service contract with the Company dated 2 March 2000 (with subsequent amendments made in December 2001). P O'Brien has a service contract dated 16 August 2006. He commenced his employment with UTV on 4 September 2006.

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 50% 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.

The individual components of the remuneration package are described below:

Basic salary and benefits

The salary and benefits are reviewed annually. Benefits comprise a car, fuel, private healthcare, pension, long term incentives and necessary business equipment.

Bonuses

Bonuses in 2006, which are not guaranteed, are payable to the executive Directors and certain senior executives based on achievement of pre-determined performance targets. Bonuses are capped at 50% of basic salaries at the year end. Based on the earnings achieved in 2006, no bonuses are payable.

Earnings growth of 11% is required in order to achieve the maximum 50% bonus in 2007.

Pensions

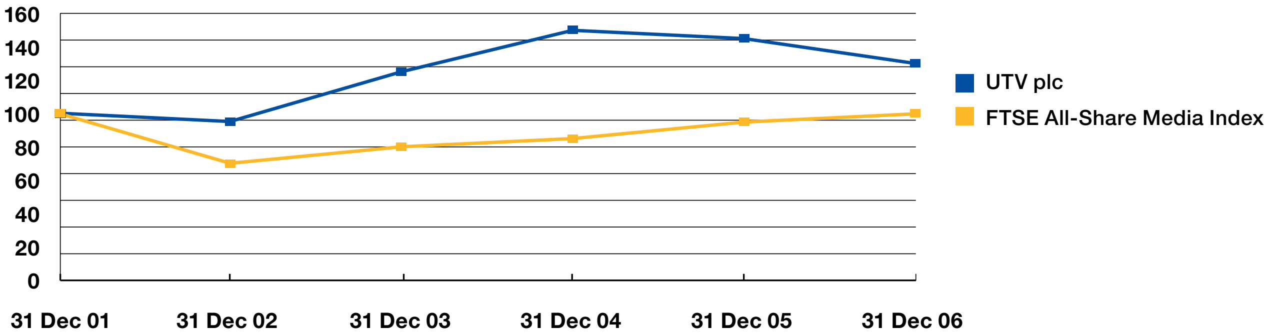
Two current executive Directors, J McCann and S Taunton, and A Bremner, who retired on 31 March 2006, are members of the UTV Company pension scheme. The scheme benefits payable to J McCann and A Bremner are 1/30th of final pensionable salary for each year of pensionable service, subject to a maximum 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. Scheme benefits payable to S Taunton are 1/50th of accrued service up to 1 June 2003 and 1/60th thereafter, subject to Inland Revenue limits. P O'Brien is not a member of the Group's 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.

Performance graph

This graph looks at the value, by the end of 2006, of £100 invested in UTV plc on 31 December 2001 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: Thompson 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.

Information subject to audit

Directors' remuneration

The non-executive Directors have Letters of Appointment with the Company. The fees for non-executive Directors are determined by the Board.

Directors' remuneration is made up as follows:

	Basic salary and fees £	*Benefits* £	*Bonus* £	*2006 Total* £	*2005 Total* £
Executive directors:					
J McCann	374,500	31,391	-	405,891	529,105
J R Downey	157,500	17,216	-	174,716	228,232
A Bremner	30,375	4,773	-	35,148	183,573
S Taunton	177,500	11,755	-	189,255	21,847
P O'Brien	6,731	548	-	7,279	-
Non-executive directors:					
J B McGuckian	78,583	31,899	-	110,482	102,841
R E Bailie	27,500	-	-	27,500	20,400
M H Morrow	27,500	-	-	27,500	22,400
K Lagan	27,500	-	-	27,500	20,400
	907,689	97,582	-	1,005,271	1,128,798

The remuneration amounts for A Bremner reflect his remuneration for the period until his retirement on 31 March 2006 and those for P O'Brien reflect his remuneration for the period from 18 December 2006 when he was appointed to the Board. The 2005 comparative amounts for S Taunton reflect his remuneration for the period from 25 November 2005 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.

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 2006*	*Increase, including inflation, in accrued pension during the year*	*Accumulated total accrued pension at 31 December 2005*
	£	£	£	£	£
J McCann	6,767	81,800	214,932	15,540	199,392
S Taunton	1,632	2,400	13,545	2,134	11,411
A Bremner	-	-	56,959	-	63,200

	Transfer value of accrued pension at 31 December 2006	*Increase in transfer value of accrued pension*	*Transfer value of accrued pension at 31 December 2005*
	£	£	£
J McCann	3,312,000	258,800	3,030,700
S Taunton	99,800	5,700	84,500
A Bremner	1,197,800	-	1,253,200

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, S Taunton and A Bremner amounting to £22,500, £9,600 and £1,800 respectively.

A Bremner retired on 31 March 2006. The above figures represent his pension entitlements after he exchanged part of his full pension for a tax free cash sum on retirement.

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 are paid to an unfunded arrangement. At the year end an amount of £143,000 has been accrued by the company in respect of this.

Following the introduction of the Finance Act 2004, S Taunton has had a proportion of his pension contribution paid into a personal pension plan. Contribution to this scheme by the company during the year amounted to £12,500.

The Company pays contributions to a personal pension scheme on behalf of P O'Brien. Contributions paid from his date of appointment to the Board amounted to £1,000.

Interests in share options

During 1999 the Company put in place two share option schemes to incentivise employees. Options on 1,128,157 ordinary shares were awarded during 1999 at an exercise price of £1.97 (market price at the date of grant) and options on 95,470 ordinary shares were awarded during 2001 at an exercise price of £2.73 (market price at the date of grant).

The following Directors are able to subscribe for or acquire ordinary shares in the Company under the share option schemes:

	Exercise price	*At 31 December 2006 No.*	*At 31 December 2005 No.*
J McCann	£1.97	274,339	274,339
	£2.73	95,470	95,470
		369,809	369,809
A Bremner	£1.97	-	200,721
J R Downey	£1.97	81,218	81,218
		451,027	651,748

Option holders may only exercise the options granted to them if they hold 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 have been satisfied and all of the options are now exercisable in the period from 1 April 2003 to 28 April 2009. No further option grants are capable of being made under these schemes.

On 22 September 2006, A Bremner exercised 200,721 options and this number of shares was issued to him for a consideration of £395,420. No further options were exercised or lapsed during the year. At the date of exercise the share price was 342.25p per share resulting in an aggregate gain of £291,550 (2005: £610,000) on the exercise of share options by Directors.

The market price of the Company's shares on 31 December 2006 was 365.75p per share and the high and low share prices during the year were 479.25p and 318.50p respectively.

Share options are not made available to non-executive Directors.

Interests in the long-term incentive plan

During the year the Company put in place a long-term incentive plan for certain UTV senior executives. In designing the Company's long term incentive plan, the Remuneration Committee followed the provisions in Schedule A of the Combined Code, in line with current market practice. 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. The performance criteria 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 1 January 2006. 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.

The following Directors were granted awards under the Company's long-term incentive plan on 29 June 2006:

	At 1 January 2006 No.	*Interest awarded in the year No.*	*At 31 December 2006 No.*	*End of qualifying period*	*Market price at date of award*
J McCann	-	105,655	105,655	31 Dec 08	349.25p
J Downey	-	44,381	44,381	31 Dec 08	349.25p
S Taunton	-	44,381	44,381	31 Dec 08	349.25p

The amount of the bonus that vests to each Director increases in accordance with the level of EPS growth achieved, with no bonus being payable until the Company's total EPS growth over the three years from 1 January 2006 exceeds RPI by 12%. If this level of EPS growth is achieved, 25% of the award will vest. Additional vesting will be achieved for further growth above this up to the maximum of 100% for EPS growth in excess of RPI of 30%.

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

The UTV Employee Benefit Trust, which is a discretionary trust for the benefit of employees of UTV plc, purchased 100,000 ordinary shares in the market on 24 July 2006, at a price of 360.00p per share, to cover any potential entitlement, the funds being provided to it by the Company.

Directors' interests in the Company's shares are set out in the Report of the Directors.

To be presented at the Annual General Meeting of the Company to be held on 25 May 2007.

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 2006.

2. Results and dividends for the year

The Group profit for the year, after taxation, amounted to £12,670,000, of which £12,315,000 is attributable to the members of the Company.

Dividends amounting to £6,964,000 were paid during the year representing a final ordinary dividend for 2005 of 7.75p per share and an interim ordinary dividend for 2006 of 5.00p per share.

A final dividend of £4,380,000, representing 8.00p per share, is proposed for approval at the Annual General Meeting. If approved, warrants in respect of it will be despatched on 11 June 2007 to shareholders on the register at the close of business on 30 March 2007.

3. Principal activities

The principal activities of the Group are the provision of:

- the regional Channel 3 television service for Northern Ireland through its parent company, UTV plc;
- radio services in Great Britain through UTV Radio (GB) Limited;
- radio services in Ireland through County Media Limited, Treaty Radio Limited, City Broadcasting Limited, Independent Broadcasting Corporation Limited and U105 Limited; and
- internet services in Ireland through UTV Internet Limited.

4. March 1982 valuation

The market price of the existing ordinary shares of 5p each at 31 March 1982 was 3.425p.

5. Business development review

A special resolution was passed at the Annual General Meeting to change the name of the Company, and on 20 June 2006 the Company's name changed to 'UTV plc'.

A review of the business development of the Group during the year, its position at the year end, important events which have occurred since and indications of future developments in the business are provided in the Chairman's Statement, the Business Review and the Financial Review.

6. Employee participation

The Group recognises the importance of providing opportunity for employee involvement and consultation as a means of achieving corporate objectives.

Policies and procedures exist to provide employees and their representatives with the information necessary to enable consultation on a wide range of topics including staff matters, programme schedule and production, revenue performance and operational facilities.

Joint committees review matters relating to Health and Safety, Restaurant, Environment, Information Technology, Operations and Sports and Social Activities.

Monthly Team Briefing provides an effective means of communication, complementing the day to day line-management process.

7. Equal opportunities

The Group provides equality of opportunity for all staff and job applicants. All recruitment, promotion and training is based upon an individual's ability and job performance and excludes any consideration of gender, marital or family status, religious belief or political opinion, disability, age, nationality, race or ethnic origin, or sexual orientation.

The Group complies with the legislation and codes of practice governing Fair Employment, Equal Opportunities, Race Relations, Disability and Age. The Group also proactively reviews its Equal Opportunities policies and procedures, developing and implementing any appropriate affirmative action measures.

The Group's commitment to Equal Opportunities is further demonstrated by the training of Equality Advisors and ongoing training for staff in Equal Opportunity issues.

8. Training

The Group is fully committed to training staff to develop the skills and knowledge necessary to meet its business objectives. The development needs of both our staff and individuals from the independent sector of the industry are met through a broad range of both on and off-the-job development activities. In addition, the Group works in partnership with the Northern Ireland Film and Television Commission to provide practical training and support to individuals in the sector.

9. People with disabilities

The Group complies with disability legislation and ensures that a disabled staff member, job applicant or visitor is not treated less favourably than someone else because of their disability. It is Group policy to provide people with disabilities equal opportunities for employment, training and career development, having regard to aptitude and ability. The Group will also make reasonable adjustments in order to help a disabled staff member to carry out their role. This commitment to the promotion of equality of opportunity for people with disabilities also extends to our programme output and to our work within the community.

10. Environmental practices

The Group recognises that its business activities inevitably have an impact on the environment. Consequently an environmental policy has been put in place which seeks to encourage employees to be environmentally aware and to achieve the highest standards of good environmental practice. The Group endeavours to minimise the level of waste and the risks of pollution in all areas of its operation and has a continually improving recycling practice in place throughout all departments.

The Group recognises the need to educate and inform all employees of policies, plans and developments with the Environmental Management System and these are communicated to the workforce through regular environmental newsletters.

In July 1997 the Company was accredited with the ISO-14001 series of international standards certification.

11. Corporate social responsibility

The Group is a member of Business in the Community (BITC) and the Group's Chief Executive J McCann is a member of the Board of BITC in Northern Ireland. BITC operates across the UK and Ireland and is committed to continually improving its positive impact on society. BITC has a core membership of 750 companies including 75% of the FTSE 100.

The Group is one of the top contributors in Northern Ireland to BITC's PerCent Club, which recognises companies which invest a minimum of 1% of pre-tax profits on community projects.

The Group contributed more than £0.6m to the local community on charitable and sponsorship activities in 2006 through services and facilities provided. The PerCent Standard provides an excellent demonstration of the Company's commitment to the community.

The Group has been investing in local communities through offering resources, staff time and experience to help community organisations get ahead and meet their objectives. Such investment brings real benefits to staff, the business and the community. One aspect of this support is the free provision of our studio facilities to local voluntary, charitable, sporting and enterprise bodies. Many of these groups could not otherwise afford such a high profile platform or reception.

In addition, the Company offers tours of the studios to groups of schoolchildren, groups from ethnic communities and group of individuals who have disabilities on a weekly basis.

The Company also broadcasts Community Service Announcements (CSAs) for community and charitable groups every day. Last year 28 different CSAs were broadcast and the company held workshops for those organisations to assist with training in elementary television skills.

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.
UTV has met the FTSE4Good criteria and is therefore a constituent member of the FTSE4Good Index Series. For inclusion, eligible members must meet criteria requirements in five areas:

- Working towards environmental sustainability
- Developing positive relationships with stakeholders
- Up-holding and supporting universal human rights
- Ensuring good supply chain labour standards
- Countering bribery

This achievement demonstrates UTV's commitment to responsible business practise and management of its social, environmental and ethical risks. Further information on how the Group meets its responsibilities is contained on the UTV corporate website www.utvplc.com.

12. Charitable and political donations

Charitable donations by the Group in the year amounted to £14,000 (2005: £18,000). No donations were made for political purposes during the year (2005: £Nil).

13. Suppliers

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. At 31 December 2006 the Company had an average of 40 days (2005: 46 days) purchases outstanding in trade payables.

14. Treasury shares

The UTV Employee Benefit Trust, which is a discretionary trust for the benefit of employees of UTV plc, purchased 100,000 ordinary shares in UTV plc in the market on 24 July 2006, at a price of 360.00p per share, the funds being provided to it by the Company. These shares are to cover the anticipated entitlement of senior executives to the vesting of awards in the long-term incentive plan put in place during the year.

15. Directors and their interests

The Directors of the Company during the year were those shown in 'Board of Directors' plus A Bremner who retired from the Board on 31 March 2006.

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

	At 31 December 2006	*At 31 December 2005 (or date of appointment)*
	Ordinary shares of 5p each	*Ordinary shares of 5p each*
J B McGuckian	43,170	43,170
J McCann	144,042	144,042
R E Bailie	134,897	120,697
M H Morrow	23,800	23,800
J R Downey	30,305	30,305
K Lagan	88,000	60,000
S Taunton	58,500	58,500
P O'Brien	-	-

J McCann, J R Downey and S Taunton 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 16 March 2007.

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

Under Article 116.1 of the Company's Articles of Association, M H Morrow and J R Downey retire by rotation and being eligible, offers themselves for re-election. The Board believes that they bring a wealth of knowledge and experience in a time of significant change within the Media sector.

In accordance with Article 115 of the Company's Articles of Association, P O'Brien who was appointed to the Board of Directors on 18 December 2006, retires at the Annual General Meeting and being eligible 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.

16. Financial instruments

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

17. Substantial shareholdings

Up to 16 March 2007 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*
Milestone Trust Limited	4,625,000	8.45%

18. 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.

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

The Directors who were members of the Board at the time of approving the Directors' Report 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 Directors' 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.

20. Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the 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 financial statements for each financial year which present fairly the financial position of the Company and of the Group and the financial performance and cash flows of the Company and the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies 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 and Company 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 the Company and to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

P O'Brien
Company Secretary
5 April 2007

Ormeau Road
Belfast
BT7 1EB

Independent auditor's report to the shareholders of UTV plc

We have audited the Group financial statements of UTV plc for the year ended 31 December 2006 which comprise the Group Income Statement, Group Statement of Recognised Income and Expense, Group Balance Sheet, Group Cash Flow Statement, and the related notes 1 to 32. These Group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of UTV plc for the year ended 31 December 2006 and on the information in the Report of the Board on Directors' Remuneration that is described as having been audited.
This report is made solely to the company's members, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. 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 auditors' 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

The directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group financial statements give a true and fair view and whether the Group financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. The information given in the directors' report includes that specific information presented in the Business Review and the Financial Review that is cross referred from the Business Development Review section of the directors' report.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.
We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited Group financial statements. The other information comprises only the Report of the Directors, the Chairman's Statement, the Business Review, the Financial Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Group financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Group financial statements.

Opinion

In our opinion :

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2006 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986 and Article 4 of the IAS Regulation; and
- the information given in the directors' report is consistent with the Group financial statements.

ERNST & YOUNG

Ernst & Young LLP
Registered auditor
Belfast
5 April 2007

	Notes	Results before Exceptional Items 2006 £000	Exceptional Items 2006 £000	Total 2006 £000	Results before Exceptional Items 2005 £000	Exceptional Items 2005 £000	Total 2005 £000
Continuing operations							
Revenue	3	**113,583**	-	113,583	**92,741**	-	92,741
Operating costs	5	**(88,968)**	-	(88,968)	**(67,934)**	-	(67,934)
Operating profit before impairment		**24,615**	-	24,615	**24,807**	-	24,807
Impairment of intangible assets	4	**-**	(14,877)	(14,877)	**-**	-	-
Operating profit from continuing operations before tax and finance costs		**24,615**	(14,877)	9,738	**24,807**	-	24,807
Non-operational exceptional costs	4	-	(5,833)	(5,833)	**-**	(1,235)	(1,235)
Share of results of associates accounted for using the equity method		**211**	-	211	**109**	-	109
Profit from continuing operations before tax and finance costs	3	**24,826**	(20,710)	4,116	**24,916**	(1,235)	23,681
Finance revenue	8	**360**	-	360	**438**	-	438
Finance costs	9	**(8,381)**	-	(8,381)	**(4,941)**	-	(4,941)
Foreign exchange gain		**-**	-	-	**413**	-	413
Profit before tax		**16,805**	(20,710)	(3,905)	**20,826**	(1,235)	19,591
Taxation	10	**(3,611)**	20,186	16,575	**(5,101)**	-	(5,101)
Profit for the year	3	**13,194**	(524)	12,670	**15,725**	(1,235)	14,490
Attributable to:							
Equity holders of the parent		**12,839**	(524)	12,315	**15,591**	(1,235)	14,356
Minority interests		**355**	-	355	**134**	-	134
		13,194	(524)	12,670	**15,725**	(1,235)	14,490

	Notes	2006	2005
Earnings per share			
Diluted	11	22.39p	26.09p
Basic	11	22.55p	26.38p
Adjusted	11	23.25p	27.43p
Diluted adjusted	11	23.08p	27.14p

Group Statement of Recognised Income and Expense

For the year ended 31 December 2006

	Notes	2006 £000	2005 £000
Income and expenses recognised directly in equity			
Exchange difference on translation of foreign operations		(1,703)	(1,418)
Exchange difference on loans hedging net investment in foreign subsidiaries		-	1,287
Net actuarial gain on defined benefit pension schemes	30	1,808	943
Profit/(loss) on cash flow hedges taken to equity		1,698	(119)
Revaluation of share of assets previously acquired in AR(UK) Limited		-	1,248
Tax on items taken directly to or transferred from equity		(1,005)	(283)
Net income recognised directly in equity		798	1,658
Profit for the year	3	12,670	14,490
Total recognised income and expense for the year		13,468	16,148
Attributable to:			
Equity holders of the parent		13,113	16,014
Minority interests		355	134
Total recognised income and expense	28	13,468	16,148

ASSETS	*Notes*	*2006 £000*	*2005 £000*
Non-current assets			
Property, plant and equipment	13	11,036	10,938
Intangible assets	14	183,706	205,165
Investments accounted for using the equity method	16	116	268
Other investments	16	32	32
Deferred tax asset	10	22,178	8,725
		217,068	225,128
Current assets			
Inventories	19	538	832
Trade and other receivables	20	27,694	29,367
Financial assets	18	1,579	-
Cash and short term deposits	21	7,897	6,470
		37,708	36,669
TOTAL ASSETS		254,776	261,797
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Equity share capital	28	8,220	7,824
Treasury shares	28	(360)	-
Foreign currency reserve	28	(1,595)	108
Cash flow hedge reserve	28	1,579	(119)
Retained earnings	28	46,479	40,325
		54,323	48,138
Minority interest	28	215	127
TOTAL EQUITY		54,538	48,265
Non-current liabilities			
Financial liabilities	23	115,352	119,935
Pension liability	30	3,983	6,320
Provisions	25	992	1,176
Deferred tax liabilities	10	41,081	44,646
		161,408	172,077
Current liabilities			
Trade and other payables	22	27,560	26,738
Financial liabilities	23	10,131	12,736
Tax payable		1,001	1,811
Provisions	25	138	170
Net current liabilities		38,830	41,455
TOTAL LIABILITIES		200,238	213,532
TOTAL EQUITY AND LIABILITIES		254,776	261,797

The financial statements were approved by the Board of Directors and authorised for issue on 5 April 2007.
They were signed on its behalf by:

J B McGuckian
J McCann } Directors

Group Cash Flow Statement

For the year ended 31 December 2006

	Notes	2006 £000	2005 £000
Operating activities			
Group operating profit from continuing operations before tax and finance costs		24,615	24,807
Adjustments to reconcile group operating profit to net cash flows from operating activities			
Depreciation of property, plant and equipment		1,939	1,746
Difference between pension contributions paid and amounts recognised in the income statement		(530)	(300)
Decrease in inventories		294	7
Decrease/(increase) in trade and other receivables		1,023	(349)
Increase in trade and other payables		468	1,705
Movement in provisions		(216)	(27)
Profits from sale of property, plant and equipment		(68)	(16)
Cash generated from operations before exceptional costs		27,525	27,573
Exceptional costs		-	(1,105)
Tax paid		(2,379)	(4,338)
Net cash inflow from operating activities		25,146	22,130
Investing activities			
Interest received		366	431
Proceeds on disposal of property, plant and equipment		438	56
Purchase of property, plant and equipment		(2,351)	(1,868)
Dividends received from associates		295	-
Acquisition of subsidiaries, net of cash acquired	17	-	(103,811)
Acquiree transaction costs settled		-	(5,566)
Acquisition of joint ventures, net of cash acquired		-	(366)
Net cash flows from investing activities		(1,252)	(111,124)
Financing activities			
Borrowing costs		(7,979)	(6,557)
Proceeds from exercise of share options		396	236
Acquisition of treasury shares		(360)	-
Dividends paid to equity shareholders		(6,964)	(6,395)
Dividends paid to minority interests		(267)	-
Repayment of borrowings		(36,341)	(35,912)
Proceeds from borrowings		29,383	136,278
Repayment of finance leases		(107)	-
Net cash flows used in financing activities		(22,239)	87,650
Net increase/(decrease) in cash and cash equivalents		1,655	(1,344)
Net foreign exchange differences		(34)	(87)
Cash and cash equivalents at 1 January	21	6,276	7,707
Cash and cash equivalents at 31 December	21	7,897	6,276

1. Corporate information

The Group's and Company's financial statements for the year ended 31 December 2006 were authorised for issue by the Board of the Directors on 5 April 2007 and the balance sheets were signed on the Board's behalf by J B McGuckian and J McCann. UTV plc is a public limited company incorporated in Northern Ireland whose shares are publicly traded.

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 2006. The Group and Company 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 2006 and applied in accordance with the Companies (Northern Ireland) Order 1986.

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 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. Unrealised losses are eliminated unless costs cannot be recovered.

Key sources of estimation uncertainty

The key sources of 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), the measurement of defined benefit pension obligations and the estimation of share-based payment costs. The measurement of intangible assets other than goodwill 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 15). Measurement of defined benefit pension obligations requires estimation of future changes in salaries and inflation, as well as mortality rates, the expected return on assets and the selection of a suitable discount rate (note 30). The estimation of share-based payment costs requires the selection of an appropriate valuation model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest, inputs for which arise from judgements relating to the probability of meeting non-market performance conditions and the continuing participation of employees (note 26).

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 changes in equity.

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.

The Company's investments in subsidiaries, joint ventures and associates

In its separate financial statements the Company recognises its investments in subsidiaries, jointly controlled entities and associates at cost. Income is recognised from these investments only in relation to distributions received from post acquisition profits. Distributions received in excess of post acquisition profits are deducted from the cost of investment.

Financial assets

Financial assets in the scope of IAS 39 are classified as financial assets at fair value through profit and loss; held-to-maturity investments, or as available-for-sale financial assets 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.

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.

Company

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the balance sheet date. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency shall be translated using the exchange rates at the date when the fair value was determined.

Group

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.

Differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity are taken directly to equity until the disposal of the net investment, at which time they are recognised in the consolidated income statement.

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

2. Summary of accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

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%
• Short leasehold buildings	-	Over period of lease
• Equipment and vehicles	-	10 - 33% depending on type

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

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

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

Goodwill

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

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

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

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

As permitted by IFRS 1, UTV plc elected not to apply IFRS 3 "Business Combinations" to business combinations that were recognised before 1 January 2004. As a result, goodwill recognised as an asset under UK GAAP as at 1 January 2004 has not been revised retrospectively to identify and extract intangible assets to be recognised separate from goodwill.

2. Summary of accounting policies (continued)

Intangible assets

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

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

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

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

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

Impairment of assets

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

When the carrying value of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement within operating 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 the Group Income Statement 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. An estimate for doubtful debts is made when it is believed the debt will not be recovered in full. Bad debts are written off when identified.

2. Summary of accounting policies (continued)

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

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

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 the Income Statement 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

The Group operates 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 recognised income and expense 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 recognised income and expense 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.

2. Summary of accounting policies (continued)

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred in accordance with the benchmark accounting treatment under IAS 23.

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.

The presentation of the Income Statement has been changed this year to separately identify exceptional items and further facilitate this comparison.

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

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 fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest. Fair value is estimated using appropriate models for the particular awards under consideration.

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

2. Summary of accounting policies (continued)

Taxation

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

Current taxation

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

Deferred taxation

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

Deferred tax liabilities are recognised for all taxable temporary differences:

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

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

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

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

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

Tax relating to items recognised directly in equity is also recognised directly in equity and not in the income statement.

Sales taxation

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

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

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

2. Summary of accounting policies (continued)

Derivative financial instruments and hedging activities

The Group and Company 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.

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of derivative financial instruments is estimated with reference to the contracted value and the appropriate market value prevailing at each balance sheet date.

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

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

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

Dividends

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

New standards and interpretations not applied

IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements.

International Accounting Standards (IAS / IFRSs)		**Effective date**
IFRS 7	Financial Instruments: Disclosures	1 January 2007
IFRS 8	Operating Segments	1 January 2009
IAS 1	Amendment – Presentation of Financial Statements: Capital Disclosures	1 January 2007

International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	1 March 2006
IFRIC 8	Scope of IFRS 2	1 May 2006
IFRIC 9	Reassessment of Embedded Derivatives	1 June 2006
IFRIC 10	Interim Financial Reporting and Impairment	1 November 2006
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions	1 March 2007
IFRIC 12	Service Concession Arrangements	1 January 2008

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.

Upon adoption of IFRS 7, the Group will have to disclose additional information about its financial instruments, their significance and the nature and extent of risks that they give rise to. More specifically the Group will need to disclose the fair value of its financial instruments and its risk exposure in greater detail. There will be no effect on reported income or net assets.

3. Revenue and segmental analysis

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 to third parties.

The Group's primary reporting format is business segments and its secondary format is geographical segments. The operating businesses are organised and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets.

(a) Business segments

The Group operates in four principal areas of activity – radio in GB, radio in Ireland, commercial television and new media – all of which are continuing operations. The following tables present revenue and profit information and certain asset and liability information regarding the Group's business segments for the years ended 31 December 2006 and 2005.

Revenue

Year ended 31 December 2006

	Radio GB £000	*Radio Ireland £000*	*Television £000*	*New Media £000*	*Total £000*
Sales to third parties	45,741	15,937	42,410	9,495	113,583
Intersegmental sales	997	591	1,177	60	2,825
Total segmental revenue	46,738	16,528	43,587	9,555	116,408

Year ended 31 December 2005

	Radio GB £000	*Radio Ireland £000*	*Television £000*	*New Media £000*	*Total £000*
Sales to third parties	25,112	13,738	45,752	8,139	92,741
Intersegmental sales	745	482	608	60	1,895
Total segmental revenue	25,857	14,220	46,360	8,199	94,636

3. Revenue and segmental analysis (continued)

(a) Business segments (continued)

Results

Year ended 31 December 2006

	Radio GB £000	Radio Ireland £000	Television £000	New Media £000	Total £000
Profit from continuing operations before tax and finance costs	(13,044)	4,907	11,197	1,056	4,116
Exceptional costs, allocable to a business segment	20,166	-	544	-	20,710
Profit from continuing operations before exceptional costs, tax and finance costs	**7,122**	**4,907**	**11,741**	**1,056**	**24,826**
Exceptional costs					(20,710)
Net finance costs					(8,004)
Foreign exchange loss					(17)
Profit before tax					(3,905)
Income tax credit					16,575
Net profit for the year					**12,670**

Year ended 31 December 2005

	Radio GB £000	Radio Ireland £000	Television £000	New Media £000	Total £000
Profit from continuing operations before tax and finance costs	4,158	3,845	15,093	804	23,900
Exceptional costs, allocable to a business segment	750	-	266	-	1,016
Profit from continuing operations before exceptional costs, tax and finance costs	**4,908**	**3,845**	**15,359**	**804**	**24,916**
Exceptional costs					(1,235)
Net finance costs					(4,503)
Foreign exchange					413
Profit before taxation					19,591
Income tax expense					(5,101)
Net profit for the year					**14,490**

3. Revenue and segmental analysis (continued)

(a) Business segments (continued)

Assets and liabilities

Year ended 31 December 2006

	Radio GB £000	*Radio Ireland £000*	*Television £000*	*New Media £000*	*Total £000*
Segment assets	139,341	58,885	20,981	3,767	222,974
Investment in associates	116	-	-	-	116
	139,457	58,885	20,981	3,767	223,090
Unallocated assets					31,686
Total assets					254,776
Segment liabilities	(10,217)	(2,814)	(14,004)	(1,655)	(28,690)
Unallocated liabilities					(171,548)
Total liabilities					(200,238)

Year ended 31 December 2005

	Radio GB £000	*Radio Ireland £000*	*Television £000*	*New Media £000*	*Total £000*
Segment assets	174,016	51,028	17,311	3,947	246,302
Investment in associates	268	-	-	-	268
	174,284	51,028	17,311	3,947	246,570
Unallocated assets					15,227
Total assets					261,797
Segment liabilities	(16,206)	(2,505)	(8,091)	(1,282)	(28,084)
Unallocated liabilities					(185,448)
Total liabilities					(213,532)

Unallocated assets represent the deferred tax assets, financial assets and cash and cash equivalents. Unallocated liabilities represent financial, pension and tax liabilities.

3. Revenue and segmental analysis (continued)

(a) Business segments (continued)

Other segmental information

Year ended 31 December 2006

	Radio GB £000	*Radio Ireland £000*	*Television £000*	*New Media £000*	*Total £000*
Capital expenditure – Property, plant and equipment	1,144	469	724	50	2,387
Depreciation	698	391	776	74	1,939
Impairment	13,400	-	-	-	13,400
Goodwill write off	6,766	-	-	-	6,766

Year ended 31 December 2005

	Radio GB £000	*Radio Ireland £000*	*Television £000*	*New Media £000*	*Total £000*
Capital expenditure – Property, plant and equipment	353	713	807	81	1,954
Depreciation	335	371	938	102	1,746

3. Revenue and segmental analysis (continued)

(b) Geographical segments

Turnover is generated from GB and Ireland. The following tables present revenue, expenditure and certain asset information regarding the Group's geographical segments for the year ended 31 December 2006. 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. The asset analysis is based on the physical location of the assets.

Year ended 31 December 2006

	Ireland *£000*	*GB* *£000*	*Total* *£000*
Revenue			
Sales to third parties	48,142	65,441	113,583
Other segment information			
Assets	83,633	139,457	223,090
Unallocated assets			31,686
Total assets			254,776
Capital expenditure			
Property, plant and equipment	1,243	1,144	2,387

Year ended 31 December 2005

	Ireland *£000*	*GB* *£000*	*Total* *£000*
Revenue			
Sales to third parties	46,093	46,648	92,741
Other segment information			
Assets	72,286	174,284	246,570
Unallocated assets			15,227
Total assets			261,797
Capital expenditure			
Property, plant and equipment	1,601	353	1,954

4. Exceptional items

	2006 £000	2005 £000
Impairment of intangible assets (note 14)	13,400	-
Goodwill write off (note 14)	1,477	-
Adjustment to goodwill (note 14)	5,289	-
Costs associated with aborted transactions	544	-
Fundamental restructuring costs	-	1,235
	20,710	1,235

In 2006, UTV plc has been in discussions with respect to a potential merger and also considered potential transactions in the Republic of Ireland. Costs were incurred in considering the feasibility of and the potential to finance these aborted transactions.

In 2005, following the acquisition of The Wireless Group plc, the staff structure within the UTV Group was reviewed and the fundamental rationalisation resulted in redundancy costs and other related costs.

The exceptional tax credit of £20,186,000 (2005: £Nil) is explained within note 10.

5. Group operating costs

	2006 £000	2005 £000
Purchase of programmes	12,503	11,000
Sales related costs	18,491	15,297
Other programme and operating costs	29,428	14,643
Staff costs (see note 7)	23,805	21,779
Depreciation of property, plant and equipment	1,939	1,746
Licence payments	1,163	2,451
Auditor's remuneration	490	357
Operating lease rentals - equipment	777	265
Operating lease rentals - land and buildings	724	534
Rental income	(284)	(122)
Profit on disposal of property, plant and equipment	(68)	(16)
	88,968	67,934

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.

	2006 £000	*2005 £000*
Audit of financial statements	64	60
Other fees		
Taxation services	120	35
Local statutory audits of subsidiaries	159	171
Corporate finance services	121	515
Other services	26	27
	426	748

In 2005 other fees to auditors included £455,000 in relation to acquisitions during the year which were included in the cost of the investments.

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

	2006 £000	*2005 £000*
Wages and salaries	21,139	19,288
Social security costs	1,983	1,833
Other pension costs	683	658
	23,805	21,779

Included within social security costs is a total expense related to share options of £37,000 (2005: £12,000).

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

	2006 No.	*2005 No.*
Radio GB	447	435
Radio Ireland	224	222
Television	221	229
New Media	42	43
	934	929

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

8. Finance revenue

	2006 £000	2005 £000
Bank interest received and receivable	360	438

9. Finance costs

	2006 £000	2005 £000
Bank loans and overdrafts	8,379	4,937
Finance charges on finance leases	2	4
Total finance costs	8,381	4,941

10. Taxation

(a) Tax on profit

Tax charged in the income statement

	2006 £000	2005 £000
Current income tax:		
UK corporation tax on profits for the period	(794)	(3,126)
Adjustments in respect of previous years	82	75
	(712)	(3051)
Foreign tax:		
ROI corporation tax on profits for the period	(715)	(639)
Adjustments in respect of previous years	-	-
Total current tax	(1,427)	(3,690)
Deferred tax:		
Origination and reversal of timing differences	(2,259)	(1,418)
Adjustments in respect of previous periods	75	7
Tax charge in the income statement on operating activities	(3,611)	(5,101)
Exceptional deferred tax credit for previously unrecognised tax losses	16,166	-
Exceptional deferred tax release due to impairment of intangible assets	4,020	-
Total tax credit/(charge)	16,575	(5,101)

Tax relating to items charged or credited to equity

	2006 £000	2005 £000
Deferred tax:		
Actuarial gain or losses on pension schemes	(542)	(283)
Profits on cash flow hedges	(463)	-
Tax charge in the statement of recognised income and expense	(1,005)	(283)

10. Taxation (continued)

(b) Factors affecting the tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 30% (2005: 30%). The differences are reconciled below:

	2006 £000	2005 £000
(Loss)/profit on ordinary activities before tax	(3,905)	19,591
Loss/(profit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30%	1,172	(5,877)
Effects of:		
Non-taxable income	300	-
Expenses not allowed for tax purposes	(223)	(15)
Non-qualifying depreciation/amortisation	(52)	(42)
Losses of subsidiaries carried forward	-	(62)
Previously unrecognised tax losses in subsidiaries	66	-
Lower taxes on overseas earnings	1,019	813
Tax overprovided in previous years	157	82
Non-taxable write down of intangible assets	(6,050)	-
Exceptional deferred tax credit	20,186	-
Tax credit/(charge) for the period	16,575	(5,101)

(c) Exceptional credit

During the year an agreement was reached with HMRC that tax losses carried forward in UTV Radio (GB) Limited (formerly The Wireless Group plc) would be available to the Group going forward. The net amount of these losses was recognised as a deferred tax asset on the Group balance sheet and resulted in a tax credit of £16,166,000. In addition to this £4,020,000 was released from the deferred tax liability on the recognition of an impairment of intangible assets as outlined in note 14.

(d) Unrecognised tax losses

The Group has tax losses which arose in the UK of £24,243,000 (2005: £77,200,000) 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 2006, there was no recognised deferred tax liability (2005: £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 £1,721,000 (2005: £1,138,000).

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

10. Taxation (continued)

(f) Deferred tax

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

Deferred tax liability

	2006 *£000*	*2005* *£000*
Valuation of intangible assets on acquisition	40,266	44,324
Valuation of interest rate swap	463	-
Accelerated capital allowances	352	289
Other temporary differences	-	33
Deferred tax liability	41,081	44,646

	2006 £000	2005 £000
Balance at 1 January	44,646	177
Recognised on the acquisition of subsidiaries	-	44,324
Released on impairment of intangible assets	(4,020)	-
Charged to the income statement	30	145
Foreign exchange loss	(38)	-
Credited to the statement of recognised income and expenditure	463	-
Deferred tax liability	41,081	44,646

Deferred tax asset

	2006 *£000*	*2005* *£000*
Pension liability	1,194	1,896
Decelerated capital allowances	1,077	1,436
Other temporary differences	1,114	745
Tax losses carried forward	18,793	4,648
Deferred tax asset	22,178	8,725

	2006 *£000*	*2005* *£000*
Balance at 1 January	8,725	2,171
Recognised on the acquisition of subsidiaries	-	8,103
Credited to the income statement	16,166	-
Charged to the income statement	(2,171)	(1,266)
Charged to the statement of recognised income and expenditure	(542)	(283)
Deferred tax asset	22,178	8,725

10. Taxation (continued)

(f) Deferred tax (continued)

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

	2006 £000	2005 £000
Deferred tax in the income statement		
Accelerated capital allowances	(424)	(291)
Tax losses carried forward	(2,009)	(970)
Other temporary differences	249	(150)
Deferred income tax expense on operational activities	(2,184)	(1,411)
Exceptional deferred tax credit	20,186	-
Total deferred tax credit/(expense)	18,002	(1,411)

11. Earnings per share

Basic earnings per share is 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 is calculated based on the profit for the financial year attributable to equity holders of the parent adjusted for the exceptional items and non-operational foreign exchange recorded in the year. This calculation uses the weighted average number of shares in issue during the period.

Diluted earnings per share is calculated based on profit for the financial year attributable to equity holders of the parent. The weighted average number of shares is adjusted to reflect the dilutive potential of the Share Option Schemes.

Diluted adjusted earnings per share is calculated based on profit for the financial year attributable to equity holders of the parent before exceptional items and foreign exchange. The weighted average number of shares is adjusted to reflect the dilutive potential of the Share Option Schemes.

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

Net profit	*2006* *£000*	*2005* *£000*
Net profit attributable to equity holders	12,315	14,356
Exceptional costs	524	1,235
Foreign exchange gains	-	(413)
Taxation relating to above items	(142)	(247)
Net profit attributable to ordinary shareholders for adjusted and diluted earnings per share	12,697	14,931

Weighted average number of shares	*2006* *thousands*	*2005* *thousands*
Weighted average number of shares for basic and adjusted earnings per share	54,601	54,423
Effect of dilution of the share options	407	597
Adjusted weighted average number of ordinary shares for diluted earnings per share	55,008	55,020

Earnings per share	*2006*	*2005*
Diluted	22.39p	26.09p
Basic	22.55p	26.38p
Adjusted	23.25p	27.43p
Diluted adjusted	23.08p	27.14p

12. Dividends

	2006 £000	2005 £000
Equity dividends on ordinary shares		
Declared and paid during the year		
Final for 2005: 7.75 p (2004: 7.00p)	4,227	3,803
Interim for 2006: 5.00 p (2005: 4.75p)	2,737	2,592
Dividends paid	6,964	6,395
Proposed for approval at Annual General Meeting (not recognised as a liability at 31 December)		
Final dividend for 2006: 8.00p (2005: 7.75p)	4,380	

13. Property, plant and equipment

	Freehold land and buildings £000	Leasehold buildings £000	Equipment and vehicles £000	Total £000
Cost				
At 1 January 2005	7,339	181	15,778	23,298
Exchange adjustment	(31)	(18)	(127)	(176)
Additions	452	389	1,113	1,954
Acquisition of subsidiary undertakings	-	703	1,215	1,918
Acquisition of joint ventures	-	2	12	14
Disposals	-	(1)	(187)	(188)
At 31 December 2005	7,760	1,256	17,804	26,820
Exchange adjustment	(31)	(11)	(93)	(135)
Additions	117	344	1,926	2,387
Disposals	-	(329)	(2,295)	(2,624)
At 31 December 2006	7,846	1,260	17,342	26,448
Depreciation and impairment				
At 1 January 2005	2,566	48	11,776	14,390
Exchange adjustment	(3)	(8)	(95)	(106)
Charge for year	6	97	1,643	1,746
Disposals	-	-	(148)	(148)
At 31 December 2005	2,569	137	13,176	15,882
Exchange adjustment	(3)	(6)	(331)	(340)
Charge for year	8	167	1,764	1,939
Disposals	-	(125)	(1,944)	(2,069)
At 31 December 2006	2,574	173	12,665	15,412
Net book value				
At 31 December 2006	5,272	1,087	4,677	11,036
At 31 December 2005	5,191	1,119	4,628	10,938
At 1 January 2005	4,773	133	4,002	8,908

At 31 December 2006 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £76,000 (2005: £322,000).

The carrying value of equipment and vehicles held under finance lease contracts at 31 December 2006 amounted to £Nil (2005: £203,000). There were no additions held under finance leases during the year.

14. Intangible assets

	Licences *£000*	*Goodwill* *£000*	*Total* *£000*
Cost			
At 1 January 2005	-	48,827	48,827
Exchange adjustment	-	(1,292)	(1,292)
Recognised on acquisition of subsidiaries	150,368	6,616	156,984
Recognised on acquisition of joint ventures	-	646	646
At 31 December 2005	150,368	54,797	205,165
Adjustment resulting from the recognition of a deferred tax asset	-	(5,289)	(5,289)
Exchange adjustment	(193)	(1,100)	(1,293)
At 31 December 2006	150,175	48,408	198,583
Impairment			
At 1 January 2005 and 31 December 2005	-	-	-
Charged in the year	(13,400)	(1,477)	(14,877)
At 31 December 2006	(13,400)	(1,477)	(14,877)
Net book value			
At 31 December 2006	136,775	46,931	183,706
At 31 December 2005	150,368	54,797	205,165
At 1 January 2005	-	48,827	48,827

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 lives 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 2006 indicated impairment on these assets amounting to £14,877,000 (2005: £Nil). The impairment of £13,400,000 against the licences and £1,477,000 against goodwill relates entirely to the Independent Local Radio (ILR) licences in GB and reflects the revision of the cash flow forecasts for this business as a result of the difficult trading conditions in the GB radio market.

In addition to the impairment charge, the goodwill of £5,289,000 in Radio GB was written off as required on the recognition of the tax losses carried forward which was agreed with the tax authorities during the year.

15. Impairment of goodwill and intangible assets with indefinite lives

The cash generating unit for goodwill is the business acquired. The cash generating unit for intangible assets is the individual licence in Radio Ireland and the national licence and consolidated local licences for Radio GB. This reflects a modification from last year as it is representative of the basis by which these assets are monitored for internal management purposes.

The recoverable amount of each cash generating unit has been determined based on a value in use calculation using five year cash flow projections approved by the Board. The growth rate used beyond the five years is 2.25% (2005: 2.25%) being representative of the long-term average growth rate for the industry. The discount rate applied to cash flow projections for the UK is 11.8% (2005: 12.8%) and for ROI is 10% (2005: 10%).

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

	New Media		*Radio GB*		*Radio Ireland*		*Total*	
	2006	*2005*	*2006*	*2005*	*2006*	*2005*	*2006*	*2005*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Goodwill	2,667	2,667	436	7,412	43,828	44,718	46,931	54,797
Licences	-	-	129,107	142,507	7,668	7,861	136,775	150,368
	2,667	2,667	129,543	149,919	51,496	52,579	183,706	205,165

talkSPORT is included in Radio GB at a value of £48,024,000.

Key assumptions used in value in use calculations

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

- Revenue growth
- Discount rates

Revenue growth is based on published industry information but adjusted in the earlier years to reflect budgeted results.

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 was a range for ROI and UK of between 10% and 11.8% pre tax. This was calculated based on an appropriate risk-free return, beta factor, market risk premium and cost of debt appropriate to the industry.

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.

16. Investments

(a) Group

	2006 £000	2005 £000
Investment in associates accounted for using the equity method	116	268
Other investments	32	32
	148	300

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
Dee 106.3 Radio Limited	England	* 21.7%	Commercial radio
Other investments			
Somethin' Else Productions Limited	England	* 8.0%	Radio and TV production

* held by a subsidiary undertaking

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

	2006 £000	*2005 £000*
Share of associates' balance sheet		
Non-current assets	55	67
Current assets	294	355
Share of gross assets	349	422
Current liabilities	222	154
Non-current liabilities	11	-
Share of gross liabilities	233	154
Share of net assets	116	268

	2006 £000	2005 £000
Revenue	517	388
Net profit	144	109

16. Investments (continued)

(b) Group undertakings

Details of the fixed asset investments held by the Company are outlined in note 2 of the Notes to the Company Financial Statements. 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 2006 or are the holders of radio licences or principal contracts within the Group:

Name	*Country of incorporation*	*Percentage of shares held*	*Nature of business*
UTV Internet Limited	Northern Ireland	100%	Internet service provider
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
UTV Radio (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
Imagine FM Limited	England	* 100%	Non-trading
Swansea Sound Limited	England	* 100%	Non-trading
Valley Radio Limited	England	* 100%	Non-trading
Radiowave (Blackpool) Limited	England	* 100%	Non-trading
Allied Radio Limited	Scotland	* 100%	Holding company
talk107 Limited	Scotland	* 100%	Non-trading
102.4 Wish Limited	England	* 100%	Non-trading
Wire FM (1997) Limited	England	* 79.1%	Commercial Radio
Wave 102 FM Limited	Scotland	* 100%	Non-trading
Switchdigital (Scotland) Limited	Scotland	* 92%	Commercial Radio
Switchdigital (London) Limited	England	* 80.5%	Commercial Radio
UTV-EMAP Digital (B&H) Limited	England	* 80%	Commercial Radio
UTV-EMAP Digital Limited	England	* 70%	Commercial Radio
Grand Central Broadcasting Limited	England	* 100%	Non-trading
Tower 107.4 FM Limited	England	* 100%	Non-trading
Wolverhampton Area Radio Limited	England	* 100%	Non-trading
Perfecttaste Limited	England	* 100%	Non-trading

* held by a subsidiary undertaking

The directors have taken advantage of the exemptions conferred by Article 239(5) of the Companies (Northern Ireland) Order 1986.

Joint ventures			
Digital Space Limited	Republic of Ireland	50%	Satellite transmitter
First Radio Sales Limited	England	50%	Sales agency

16. Investments (continued)

(c) Joint ventures

During the year ended 31 December 2006 there were two joint venture companies, First Radio Sales Limited and Digital Space Limited (2005: Absolute Radio (UK) Limited, Digital Space Limited and First Radio Sales Limited). The revenue, expenditure, asset and liability information relating to those joint ventures proportionately consolidated in the Group accounts is disclosed below.

Attributable to joint ventures:	*2006* *£000*	*2005* *£000*
Revenue	1,268	978
Operating costs	(988)	(1,011)
Finance income	15	3
Profit/(loss) before tax	295	(30)
Taxation	(6)	(1)
Profit/(loss) for the year	289	(31)
Current assets	546	365
Current liabilities	156	106
Non-current liabilities	-	-

17. Business combinations

(a) Independent Broadcasting Corporation Limited (trading as LMFM)

On 21 February 2005 the Group acquired 100% of the ordinary share capital of the Independent Broadcasting Corporation Limited (trading as LMFM) for a consideration of £7,492,000 in cash (including costs). The acquisition was effected through Marlhall Limited which acquired the entire issued share capital of Coderidge Limited, which in turn owns 100% of the share capital of the Independent Broadcasting Corporation Limited.

Analysis of the acquisition of the Independent Broadcasting Corporation Limited

	Fair value to Group £000
Property, plant and equipment	62
Intangible assets	7,861
Debtors	593
Bank	210
Creditors	(488)
Deferred taxation liability	(1,572)
Net assets	6,666
Goodwill arising on acquisition	826
	7,492
Discharged by:	
Cash	7,492

From the date of acquisition to 31 December 2005, the Independent Broadcasting Corporation Limited has contributed £383,000 to the net profit of the Group. If the combination had taken place at the beginning of the year, the profit for the Group would have been £460,000 and revenue from continuing operations would have been £1,833,000.

Included in the £826,000 of goodwill recognised are certain intangible assets that cannot be individually separated and reliably measured due to their nature. These items include customer loyalty and an assembled workforce.

17. Business combinations (continued)

(b) The Wireless Group plc

On 6 June 2005 the group acquired 100% of the ordinary shares of The Wireless Group plc for a consideration of £96,936,000. The Wireless Group, the owner of a national radio licence and 16 independent local radio stations, was a public company listed on the UK Stock Exchange. Since acquisition the company has been de-listed and renamed UTV Radio (GB) Limited.

The investment in The Wireless Group has been included in the Company's balance sheet at its fair value at the date of acquisition.

Analysis of the acquisition of The Wireless Group plc

	Fair value to Group £000
Property, plant and equipment	1,790
Intangible assets	137,153
Investments in associates	226
Deferred tax asset	7,728
Debtors	8,684
Bank	267
Creditors	(10,090)
Long term creditors	(3,744)
Loans	(7,888)
Provisions for liabilities and charges	(1,333)
Deferred taxation liability	(41,146)
Net assets	91,647
Goodwill arising on acquisition	5,289
	96,936
Discharged by:	
Cash	95,932
Shares issued	1,004
	96,936

From the date of acquisition to 31 December 2005, The Wireless Group has contributed £4,147,000 to the net profit of the Group. If the combination had taken place at the beginning of the year, a loss of £2,582,000 for the Group would have been incurred and revenue from continuing operations would have been £41,447,000.

Included in the £5,289,000 of goodwill recognised are certain intangible assets that cannot be individually separated and reliably measured due to their nature. These items include customer loyalty and an assembled workforce.

17. Business combinations (continued)

(c) Absolute Radio (UK) Limited

On 8 September 2005 the Company acquired the remaining 66.67% of the ordinary shares of Absolute Radio (UK) Limited for a consideration of £868,000. Absolute Radio (UK) Limited, a private company based in England, is non-trading but owns 100% of the share capital of Perfecttaste Limited which holds the radio licence for Juice FM in Liverpool.

The investment in Absolute Radio (UK) Limited has been included in the Company's balance sheet at its fair value at the date of acquisition.

Analysis of the acquisition of Absolute Radio (UK) Limited

		Fair value to Group £000
Property, plant and equipment		98
Intangible assets		5,354
Deferred tax		375
Debtors		451
Bank		5
Creditors		(3,534)
Loans		(1,425)
Deferred taxation liability		(1,606)
Net assets		(282)
Goodwill (including £976,000 at date of acquisition relating to original acquisition of 33.33%)		1,477
		1,195
Discharged by:		
Cash consideration for 66.67% interest		868
Cash consideration for original 33.33% interest	428	
Post acquisition losses recognised under proportionate consolidation	(1,349)	(921)
Revaluation gains based on fair values at date of acquisition		1,248
		1,195

From the date of acquisition to 31 December 2005, Absolute Radio (UK) Limited has contributed £117,000 of a loss to the net profit of the Group. If the combination had taken place at the beginning of the year, the loss for the Group would have been £536,000 and revenue from continuing operations would have been £616,000.

Included in the £1,477,000 of goodwill recognised are certain intangible assets that cannot be individually separated and reliably measured due to their nature. These items include customer loyalty and an assembled workforce.

18. Financial assets

	2006 £000	2005 £000
Interest rate swap	1,579	-

19. Inventories

	2006 £000	2005 £000
Own productions	519	817
Sundry stocks	19	15
	538	832

20. Trade and other receivables

	2006 £000	2005 £000
Trade receivables	18,694	22,967
Other receivables	75	237
Prepayments and accrued income	8,925	6,163
	27,694	29,367

21. Cash and short term deposits

	2006 £000	2005 £000
Cash at bank and in hand	2,489	3,902
Short term deposits	5,408	2,568
	7,897	6,470

Cash at bank and in hand earns interest rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months depending on immediate cash requirements of the Group, and earn interest at the respective short term deposit rates. The fair value of cash and short term deposits is £7,897,000 (2005: £6,470,000) for the Group. Cash and cash equivalents for the purposes of the cash flow statement include bank overdrafts of £Nil (2005: £194,000).

22. Trade and other payables

	2006 £000	2005 £000
Trade payables	8,780	6,370
Other payables	1,134	873
Other taxation and social security	1,787	3,081
Accruals and deferred income	15,859	16,414
	27,560	26,738

23. Financial liabilities

	2006 £000	2005 £000
Current		
Bank overdrafts	-	194
Current instalments due on bank loans	10,131	12,410
Current obligations under finance leases and hire purchase contracts	-	13
Interest rate swaps	-	119
	10,131	12,736
Non-current		
Non-current instalments due on bank loans	115,352	119,841
Non-current obligations under finance leases and hire purchase contracts	-	94
	115,352	119,935
Total	125,483	132,671

There are two bank overdraft facilities with a total £3m limit. These are secured by a floating charge over the Company's assets. The borrowings at 31 December 2006 are stated net of £1,152,000 (2005: £1,574,000) of deferred financing costs. The effective interest rate of the bank loans is 15.39%.

Bank loans comprise the following:

	2006 £000	2005 £000
Senior facilities £90.5m 4 year amortising term loan "A" (1)	84,350	107,500
Senior facilities £30m 4 year revolving credit loan "B" (2)	14,000	25,000
Senior facilities €35m 4 year amortising term loan "C"	22,128	-
Senior facilities €5m 4 year revolving credit loan "D"	2,682	-
£1.5m Bi-lateral term loan 5 year	975	1,325
£2.5m Bi-lateral 5 year term loan	2,500	-
	126,635	133,825
Less current instalment on bank loans	(10,507)	(12,850)
	116,128	120,975

(1) 2005: Senior facilities £110m 5 year amortising term loan "A"

(2) 2005: Senior facilities £30m 5 year amortising term loan "B"

On 28 November 2006 the existing UTV plc senior borrowing facilities were restructured to comprise two separate facilities of £120.5m with UTV plc as the principal borrower and €40m with UTV Radio (ROI) Limited as the principal borrower. The £120.5m and €40m senior facilities are secured by a floating charge over the Group's assets.

23. Financial liabilities (continued)

The £90.5m 4 year amortising term loan facility "A" is repayable by six instalments of £3.15m in June and December each year until 31 December 2009. A final payment or refinancing of £62.45m will be made on 30 June 2010.

The £30m Revolving credit facility is available to the Group for the period until 30 June 2010 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 €35m 4 year amortising term loan facility "C" is repayable by six instalments of €2m in June and December each year until 31 December 2009. A final payment or refinancing of €21m will be made on 30 June 2010.

The €5m Revolving credit facility is available to the Group for the period until 30 June 2010 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".

In 2005 an interest rate swap was purchased fixing the interest costs of circa 50% of the £140m facilities at 4.56% plus the applicable margin to match the repayment profile of the original facilities. Following the review of the facilities on 28 November 2006 this was retained and now represents circa 55% of the amended £120.5m facility. The remainder of the loan has an interest rate charge of 3 month LIBOR plus the applicable margin.

During the year an interest rate swap fixing the interest costs of 65% of the €35m facility "C" at 3.83% plus the applicable margin was purchased to match the repayment profile of the euro facility "C". The remainder of the loan has an interest rate charge of 3 month EURIBOR plus the applicable margin.

The £1.5m bi-lateral term loan is secured by a floating charge over the Company's assets. The balance of the loan outstanding is repayable quarterly in 3 payments of £125,000 until September 2007 and 4 payments of £150,000 until September 2008. Interest is payable at 3 month LIBOR plus the applicable margin.

In February 2006 the Board approved a bi-lateral £2.5m term loan with Bank of Ireland. This loan is secured by a floating charge over the Company's assets and is repayable on 30 June 2010. Interest is payable at 3 month LIBOR plus the applicable margin.

The applicable margin on the financial liabilities ranges from 1.35% to 0.75% depending on the Net Debt to EBITDA ratio. In 2006 the applicable margin was 1.35% until 30 March 2006 and thereafter was 1.25%.

24. Obligations under leases and hire purchase contracts

(a) 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 30 years generally with an option for renewal at the end of the lease term. There are no restrictions placed upon the lessee by entering into these leases. Future minimum rentals payable under non-cancellable operating leases are as follows:

	2006 *£000*	*2005* *£000*
Not later than one year	934	1,059
After one year but not more than five years	1,921	2,886
After five years	1,405	2,163
	4,260	6,108

(b) Obligations under finance leases

The Group used finance leases to acquire fixtures and fittings and equipment. All existing finance leases were sold during the year. Future minimum lease payments under finance leases are as follows:

	2006 *£000*	*2005* *£000*
Not later than one year	-	20
After one year but not more than five years	-	78
After five years	-	49
	-	147
Less finance charges allocated to future periods	-	(39)
Present value of minimum lease payments	-	108

The present value of minimum lease payments is analysed as follows:

Not later than one year	-	13
After one year but not more than five years	-	53
After five years	-	42
	-	108

25. Provisions

	Onerous leases £000	Dilapidation £000	Total £000
At 1 January 2006			
- Current	65	105	170
- Non-current	304	872	1,176
	369	977	1,346
Utilised	(62)	(154)	(216)
	307	823	1,130
Analysed as:			
- Current	33	105	138
- Non-current	274	718	992
	307	823	1,130

The provisions relate to estimated dilapidation costs and committed rental costs on currently unoccupied properties. The timing of these liabilities depends on each individual lease and the likelihood of subletting. The leases are between 8 and 25 years in duration and have zero to 14 years outstanding.

26. Share-based payments

(a) Share Options

During 1999 the Company put in place two share option schemes to incentivise employees. Options on 1,128,157 ordinary shares were awarded during 1999 at an exercise price of £1.97 (market price at the date of grant) and options on 95,470 ordinary shares were awarded during 2001 at an exercise price of £2.73 (market price at the date of grant).

Option holders may only exercise the options granted to them if they hold 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 have been satisfied and all of the options are now exercisable in the period from 1 April 2003 to 28 April 2009. These options are only exercisable in return for shares in the Company.

In September 2006 options totalling 200,721 were exercised and this number of shares were issued for a consideration of £395,420. The weighted average share price for these options exercised was 342.25p.

No further option grants are capable of being made under these schemes and no further options were exercised or lapsed during the year.

Share options outstanding at the end of the year have the following exercise prices:

Expiry date	*Exercise price*	*2006 No.*	*2005 No.*
28 April 2009	£1.97	765,895	966,616
28 April 2009	£2.73	95,470	95,470
		861,365	1,062,086

26. Share-based payments (continued)

(b) Long-term incentive plan

During the year the Company put in place a long-term incentive plan for certain UTV senior executives. 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. The performance criteria 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 1 January 2006. 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.

Grant 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*	*2006 No.*	*2005 No.*
31 December 2008	349.25p	284,768	-

The amount of the bonus that vests to each senior executive increases in accordance with the level of performance achieved, with no bonus payable until the Company's total EPS growth over the three years from 1 January 2006 exceeds RPI by 12%. If this level of EPS growth is achieved, 25% of the award will vest. Additional vesting will be achieved for further growth above this up to the maximum of 100% for EPS growth in excess of RPI of 30%. No bonus will vest if the Company's EPS growth over the three year period from 1 January 2006 is negative.

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

Based on current market forecasts, it is not expected that the performance criteria will be achieved to satisfy the vesting of awards and thus no charge has been made under IFRS 2.

27. Authorised and issued share capital

	2006 thousands	2005 thousands	2006 £000	2005 £000
Authorised				
100,000,000 Ordinary shares of 5p each	100,000	100,000	5,000	5,000

Allotted, called-up and fully paid	2006 thousands	2005 thousands	2006 £000	2005 £000
Ordinary shares of 5p each				
At 1 January	54,546	54,218	2,727	2,711
Issued on exercise of share options	201	120	10	6
Issued on the acquisition of subsidiary	-	208	-	10
At 31 December	54,747	54,546	2,737	2,727

During the year 200,721 options were exercised under the Company's share option scheme (see note 26). This number of shares, which have a nominal value of £10,000, were issued for a consideration of £395,420.

As part of the acquisition of The Wireless Group plc in June 2005, the shareholders of The Wireless Group plc were offered a partial share alternative instead of cash for the acquisition of their shares. This offer was accepted by a number of Wireless Group shareholders and resulted in the issue of 207,804 ordinary shares in the Company. The Company shares were allocated a value of 493.50p per share. Thus the issued shares, which have a nominal value amounting to £10,390, were issued in lieu of £1,004,000 of consideration for the acquisition.

28. Reconciliation of movements in equity

	Equity share capital £000	Treasury shares £000	Foreign currency reserve	Cash flow hedge reserve £000	Retained earnings £000	Shareholder equity £000
Balance at 1 January 2005	6,584	-	239	-	29,767	36,590
Exercise of share options	236	-	-	-	-	236
Shares issued on acquisition of subsidiary	1,004	-	-	-	-	1,004
Total recognised income and expense in the year	-	-	(131)	(119)	16,264	16,014
Dividends	-	-	-	-	(6,395)	(6,395)
Reserves on the wind up of The Wireless Group Employee Benefits Trust	-	-	-	-	689	689
Balance at 31 December 2005	7,824	-	108	(119)	40,325	48,138
Exercise of share options	396	-	-	-	-	396
Acquisition of treasury shares	-	(360)	-	-	-	(360)
Total recognised income and expense in the year	-	-	(1,703)	1,698	13,118	13,113
Dividends paid to equity shareholders	-	-	-	-	(6,964)	(6,964)
Balance at 31 December 2006	8,220	(360)	(1,595)	1,579	46,479	54,323

	Shareholder equity £000	Minority interest £000	Total £000
Balance at 1 January 2005	36,590	(7)	36,583
Exercise of share options	236	-	236
Shares issued on acquisition of subsidiary	1,004	-	1,004
Total recognised income and expense in the year	16,014	134	16,148
Dividends	(6,395)	-	(6,395)
Reserves on the wind up of The Wireless Group Employee Benefits Trust	689	-	689
Balance at 31 December 2005	48,138	127	48,265
Exercise of share options	396	-	396
Acquisition of treasury shares	(360)	-	(360)
Total recognised income and expense in the year	13,113	355	13,468
Dividends paid to minority interests	-	(267)	(267)
Dividends paid to equity shareholders	(6,964)	-	(6,964)
Balance at 31 December 2006	54,323	215	54,538

28. Reconciliation of movements in equity (continued)

Equity share capital
The balance classified as equity share capital includes the total net proceeds on issue of the Company's equity share capital, comprising 5p 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. It is also used to record the net investments hedged in these 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 £120.5m and €40m senior facilities bank loans.

29. Derivatives and other financial instruments

(a) Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank loans, overdraft, 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 Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit 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, the Group's policy not to trade in financial instruments.

Cash flow interest rate risk
The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's 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 borrowings 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 2006, after taking into account the effect of interest rate swaps 55.5% (2005: 50.4%) of the Group's borrowings utilised are at a fixed rate of interest.

Foreign currency risk
The Group has minimal transactional currency exposures arising from sales or purchases by an operating unit in currencies other than its functional currency. Approximately 5.9% of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst almost 6.7% of costs are denominated in currencies other than the unit's functional currency.

As a result of significant investment operations in the Republic of Ireland, the Group's 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. On the 28 November 2006 the Group renegotiated its Senior Borrowing Facilities to include euro borrowings comprising a €35m term loan and a €5m revolving credit facility maturing in June 2010.

Credit risk
The Group trades only with recognised, creditworthy third parties. It is the Group's 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 the Group's exposure to bad debts is not significant. Other financial assets of the Group comprise cash and cash equivalents which are therefore subject to minimal credit risk. Since 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 the 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. The Group's 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.

29. Derivatives and other financial instruments (continued)

(b) Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements:

	Carrying amount		*Fair value*	
	2006	*2005*	*2006*	*2005*
	£000	*£000*	*£000*	*£000*
Financial assets				
Cash and short term deposits	7,897	6,470	7,897	6,470
Other investments	32	32	32	32
Interest rate swap	1,579	-	1,579	-
	9,508	6,502	9,508	6,502
Financial liabilities				
Bank overdrafts	-	194	-	194
Interest-bearing loans and borrowings	125,483	132,251	112,352	116,487
Obligations under finance lease and hire purchase contracts	-	108	-	94
Interest rate swap	-	119	-	119
	125,483	132,672	112,352	116,894

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 is determined by reference to market values for similar interests.

29. Derivatives and other financial instruments (continued)

(c) Interest rate risk

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

Year ended 31 December 2006

	Within 1 year £000	*1-2 years £000*	*2-3 years £000*	*3-4 years £000*	*4-5 years £000*	*more than 5 years £000*
Fixed rate						
£120.5m Senior facility	(5,000)	(5,000)	(5,000)	(47,500)	-	-
€40m Senior facility	(1,743)	(1,743)	(1,743)	(10,892)	-	-
Interest rate swap	139	139	139	1,162	-	-
Floating rate						
Cash assets	7,897	-	-	-	-	-
£120.5m Senior facility	(2,300)	(2,300)	(2,300)	(28,950)	-	-
€40m Senior facility	(939)	(939)	(938)	(5,871)	-	-
£1.5m Term loan	(525)	(450)	-	-	-	-
£2.5m Term loan	-	-	-	(2,500)	-	-

Year ended 31 December 2005

	Within 1 year £000	*1-2 years £000*	*2-3 years £000*	*3-4 years £000*	*4-5 years £000*	*more than 5 years £000*
Fixed rate						
£140m Senior facility	(6,250)	(5,000)	(5,000)	(5,000)	(32,500)	-
Finance leases and hire purchase contracts	(14)	(14)	(14)	(14)	(14)	(38)
Interest rate swap	11	13	13	13	13	56
Floating rate						
Cash assets	6,470	-	-	-	-	-
Bank overdraft	(194)	-	-	-	-	-
£140m Senior facility	(6,250)	(5,000)	(5,000)	(5,000)	(32,500)	-
£1.5m Term loan	(350)	(525)	(450)	-	-	-

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year.

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

29. Derivatives and other financial instruments (continued)

(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.

(e) Hedging activities

Cash flow hedges
At 31 December 2006, the Group held two interest rate swaps which are designated to hedge the interest payments on each of the sterling denominated and euro denominated facilities.

Sterling interest rate swap
This swap is designated as a hedge of 55% of the expected floating rate interest payments on the £120.5m senior facilities bank loan (2005: 50.4% of the expected floating rate interest payments on the £140m senior facilities bank loan). The terms of this contract are that the company pay fixed 3 month LIBOR 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.

The terms of the interest rate swap have been negotiated to match the terms of the loan commitments.

An unrealised gain on the interest rate swap of £1,521,700 was credited directly to equity (2005: unrealised loss of £119,000).

Euro interest rate swap
This swap is designated as a hedge of 65% of the expected floating rate interest payments on the €35m senior facilities euro bank term loan. The terms of this contract are that the company pay fixed 3 month LIBOR rate of 3.83% and receive 3 month floating EURIBOR rate from First Trust Bank (net settled quarterly) on a €22.5m notional sum subject to a repayment schedule in line with the €35m senior facilities euro bank term loan.

The terms of the interest rate swap have been negotiated to match the terms of the loan commitments.

An unrealised gain on the interest rate swap of €85,265 was credited directly to equity (2005: £Nil).

No foreign currency contracts were entered into during the year.

30. 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.

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

31 December 2006

	UTV Scheme £000	*Radio Partnership Plan £000*	*Total £000*
Equities	49,585	546	50,131
Bonds	10,885	319	11,204
Cash	-	45	45
Fair value of scheme assets	60,470	910	61,380
Present value of scheme liabilities	(63,964)	(1,399)	(65,363)
Deficit in the scheme	(3,494)	(489)	(3,983)

31 December 2005

	UTV Scheme £000	*Radio Partnership Plan £000*	*Total £000*
Equities	45,473	475	45,948
Bonds	9,804	295	10,099
Cash	95	49	144
Fair value of scheme assets	55,372	819	56,191
Present value of scheme liabilities	(61,286)	(1,225)	(62,511)
Deficit in the scheme	(5,914)	(406)	(6,320)

The pension plans are not invested in any of the Group's own financial instruments nor in properties or other assets used by the Group.

30. Pensions and other post retirement benefits (continued)

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

Year ended 31 December 2006

	UTV Scheme £000	*Radio Partnership Plan £000*	*Total £000*
Recognised in the income statement			
Current service cost	(1,057)	(33)	(1,090)
Past service cost	(68)	-	(68)
Expected return on scheme assets	3,690	53	3,743
Interest cost on scheme liabilities	(2,850)	(58)	(2,908)
Recognised in arriving at operating profit	(285)	(38)	(323)
Recognised in the statement of recognised income and expense			
Actual return on scheme assets	6,057	66	6,123
Less: expected return on scheme assets	(3,690)	(53)	(3,743)
	2,367	13	2,380
Other actuarial gains and losses	(477)	(95)	(572)
Actuarial gain/(loss) recognised in the statement of recognised income and expense	1,890	(82)	1,808

Year ended 31 December 2005

	UTV Scheme £000	*Radio Partnership Plan £000*	*Total £000*
Recognised in the income statement			
Current service cost	(965)	(10)	(975)
Past service cost	-	-	-
Expected return on scheme assets	3,215	29	3,244
Interest cost on scheme liabilities	(2,790)	(32)	(2,822)
Recognised in arriving at operating profit	(540)	(13)	(553)
Recognised in the statement of recognised income and expense			
Actual return on scheme assets	9,595	53	9,648
Less: expected return on scheme assets	(3,215)	(29)	(3,244)
	6,380	24	6,404
Other actuarial gains and losses	(5,349)	(112)	(5,461)
Actuarial gain/(loss) recognised in the statement of recognised income and expense	1,031	(88)	943

30. Pensions and other post retirement benefits (continued)

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

Scheme assets are stated at their market value at the respective balance sheet dates 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 2006	*31 December 2005*	*31 December 2006*	*31 December 2005*
Assumptions:				
Rate of general increase in salaries	4.00%	4.00%	4.00%	4.00%
Expected long term return on assets	6.90%	6.60%	6.30%	6.00%
Discount rate for scheme liabilities	5.10%	4.70%	5.10%	4.70%
Inflation	3.00%	2.50%	3.00%	2.50%
Expected return on scheme assets:				
- Equities	7.40%	7.10%	7.40%	7.10%
- Bonds	4.60%	4.40%	4.60%	4.40%
- Cash	5.00%	4.50%	5.00%	4.50%

The mortality assumptions are derived from PA: 1992 with medium cohort projections age rated by plus 3 years.

30. Pensions and other post retirement benefits (continued)

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

	UTV Scheme £000	*Radio Partnership Plan £000*	*Total £000*
At 1 January 2005	(53,353)	-	(53,353)
At acquisition on 6 June 2005	-	(1,070)	(1,070)
Service cost	(965)	(10)	(975)
Members contributions	(374)	(1)	(375)
Benefits paid	1,545	-	1,545
Interest cost on scheme liabilities	(2,790)	(32)	(2,822)
Actuarial gains and losses	(5,349)	(112)	(5,461)
At 31 December 2005	(61,286)	(1,225)	(62,511)
Service cost	(1,057)	(33)	(1,090)
Past service cost	(68)	-	(68)
Members contributions	(353)	(1)	(354)
Benefits paid	2,127	14	2,141
Interest cost on scheme liabilities	(2,850)	(58)	(2,908)
Actuarial gains and losses	(477)	(95)	(572)
At 31 December 2006	(63,964)	(1,398)	(65,362)

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 2005	46,118	-	46,118
At acquisition on 6 June 2005	-	742	742
Expected return on scheme assets	3,215	29	3,244
Employer contribution	830	23	853
Members contribution	374	1	375
Benefits paid	(1,545)	-	(1,545)
Actuarial gains and losses	6,380	24	6,404
At 31 December 2005	55,372	819	56,191
Expected return on scheme assets	3,690	53	3,743
Employer contribution	815	38	853
Members contribution	353	1	354
Benefits paid	(2,127)	(14)	(2,141)
Actuarial gains and losses	2,367	13	2,380
At 31 December 2006	60,470	910	61,380

30. Pensions and other post retirement benefits (continued)

History of experience gains and losses

	2006 £000	2005 £000	2004 £000	2003 £000
UTV Pension Scheme				
Fair value of scheme assets	60,470	55,372	46,118	42,028
Present value of defined benefit obligation	(63,964)	(61,286)	(53,353)	(50,057)
Deficit in the scheme	(3,494)	(5,914)	(7,235)	(8,029)
Experience adjustments arising on plan liabilities	257	5,169	350	-
Experience adjustments arising on plan assets	2,367	6,380	1,446	-

	2006 £000	2005 £000	2004 £000	2003 £000
Radio Partnership Plan				
Fair value of scheme assets	910	819	-	-
Present value of defined benefit obligation	(1,398)	(1,225)	-	-
Deficit in the scheme	(488)	(406)	-	-
Experience adjustments arising on plan liabilities	81	-	-	-
Experience adjustments arising on plan assets	13	24	-	-

The estimated Group contributions for the next financial period are £365,000. The Group has committed £5,300,000 to fund the deficit on the UTV scheme. This funding will be paid to the pension scheme over a three year period commencing 2007.

The Group also operates a number of defined contribution 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 £160,000 (2005: £71,000).

31. Related party transactions

During the year the Group made sales in the normal course of business to its associated companies. Transactions entered into and the trading balances at the year end are summarised below. Payments are made and debts collected under normal trade terms.

	2006 £000	2005 £000
Sales to associated companies	42	2
Amounts owed by associated companies	6	2
Purchases from joint ventures	693	106
Amounts owed by joint ventures	818	1,166
Amounts owed to joint ventures	4	99

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

	2006 £000	2005 £000
Short-term employee benefits	1,005	1,129
Post employment benefits	217	83
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	1,222	1,212

32. Capital commitments

	2006 £000	2005 £000
Plant, property and equipment		
Contracted for and not provided for in the accounts	76	384

At 31 December 2006 and 31 December 2005 there were no capital commitments entered into by the Group's joint ventures.

Independent auditor's report to the shareholders of UTV plc

We have audited the parent company financial statements of UTV plc for the year ended 31 December 2006 which comprise the Company Statement of Recognised Income and Expense, Company Balance Sheet, Company Cash Flow Statement and the related notes 1 to 18. These parent company financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Report of the Board on Directors' Remuneration that is described as having been audited.

We have reported separately on the Group financial statements of UTV plc for the year ended 31 December 2006.
This report is made solely to the company's members, as a body, in accordance with Article 243 of the Companies (Northern Ireland) Order 1986. 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 auditors' 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

The directors' responsibilities for preparing the Annual Report, the Report of the Board on Directors' Remuneration and the parent company financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent company financial statements and the part of the Report of the Board on Directors' Remuneration to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements and the part of the Report of the Board on Directors' Remuneration to be audited have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986. We also report to you whether in our opinion the information given in the directors' report is consistent with the parent company financial statements. The information given in the directors' report includes that specific information presented in the Business and Financial Review that is cross referred from the Business Review section of the directors' report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited parent company financial statements. The other information comprises only the report of the directors, the unaudited part of the Report of the Board on Directors' Remuneration, the Chairman's Statement and the Business and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the parent company financial statements and the part of the Report of the Board on Directors' Remuneration to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent company financial statements and the part of the Report of the Board on Directors' Remuneration to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the parent company financial statements and the part of the Report of the Board on Directors' Remuneration to be audited.

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended;
- the parent company financial statements and the part of the Report of the Board on Directors' Remuneration to be audited have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986; and
- the information given in the report of the directors is consistent with the parent company financial statements.

Ernst & Young

Ernst & Young LLP
Registered auditor
Belfast
5 April 2007

Company Statement of Recognised Income and Expense

For the year ended 31 December 2006

	Note	2006 £000	2005 £000
Income and expenses recognised directly in equity			
Net actuarial gain on defined benefit pension schemes		1,890	1,321
Losses on cash flow hedges taken to equity		1,641	(119)
Tax on items taken directly to or transferred from equity		(1,024)	(396)
Net income recognised directly in equity		2,507	806
Profit for the year		694	6,518
Total recognised income and expense for the year attributable to equity holders of the Company	14	3,201	7,324

Company Balance Sheet

For the year ended 31 December 2006

	Notes	2006 £000	2005 £000
ASSETS			
Non-current assets			
Property, plant and equipment	4	6,174	6,285
Investments in subsidiaries and joint ventures	5	125,034	167,092
Deferred tax asset		1,049	1,774
		132,257	175,151
Current assets			
Inventories	6	538	832
Trade and other receivables	7	21,895	23,503
Financial asset		1,522	-
Cash and short term deposits	8	3,419	2,265
		27,374	26,600
TOTAL ASSETS		159,631	201,751
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	8,220	7,824
Treasury Shares	14	(360)	-
Cash flow hedge reserve	14	1,522	-
Retained earnings	14	29,106	34,391
TOTAL EQUITY		38,488	42,215
Non-current liabilities			
Financial liabilities	10	92,773	118,866
Pension liability	16	3,494	5,914
Provisions	11	-	-
Deferred tax liabilities	11	808	322
		97,075	125,102
Current liabilities			
Trade and other payables	9	15,973	20,600
Financial liabilities	10	6,925	12,179
Tax payable		1,170	1,642
Provisions	11	-	13
		24,068	34,434
TOTAL LIABILITIES		121,143	159,536
TOTAL EQUITY AND LIABILITIES		159,631	201,751

The financial statements were approved by the Board of Directors and authorised for issue on 5 April 2007. They were signed on its behalf by:

J B McGuckian
J McCann } Directors

Company Cash Flow Statement

For the year ended 31 December 2006

	Note	2006 £000	2005 £000
Operating activities			
Group operating profit from continuing operations before tax and finance costs		11,741	15,359
Adjustments to reconcile group operating profit to net cash flows from operating activities			
Depreciation of property, plant and equipment		744	882
Difference between pension contributions paid and amounts recognised in the income statement		(530)	(300)
Decrease in inventories		294	(18)
Decrease in trade and other receivables		1,619	(2,295)
Increase in trade and other payables		(4,439)	1,387
Movement in provisions		(13)	118
Profits from sale of property, plant and equipment		(27)	(22)
Cash generated from operating activities		9,389	15,111
Tax paid		(1,680)	(3,898)
Net cash inflow from operating activities		7,709	11,213
Investing activities			
Interest received		262	340
Proceeds on disposal of property, plant and equipment		83	44
Purchase of property, plant and equipment		(641)	(803)
Cash received from transfer of subsidiaries		40,108	-
Loans to subsidiaries		-	(1,449)
Acquisition of subsidiaries		-	(106,939)
Net cash flows from investing activities		39,812	(108,807)
Financing activities			
Borrowing costs		(7,789)	(6,568)
Proceeds from exercise of share options		396	236
Acquisition of treasury shares		(360)	-
Repayment of borrowings		(34,150)	(24,446)
Proceeds from borrowings		2,500	132,500
Dividends paid to equity shareholders		(6,964)	(6,395)
Net cash flows used in financing activities		(46,367)	95,327
Net (decrease)/increase in cash and cash equivalents		1,154	(2,267)
Net foreign exchange differences		-	(7)
Cash and cash equivalents at 1 January		2,265	4,539
Cash and cash equivalents at 31 December	8	3,419	2,265

1. Accounting policies

The Company follows the accounting policies outlined in note 2 of the Notes to the Group Financial Statements. In addition, the financial statements of the Company have been prepared in accordance with the provisions of the Companies (Northern Ireland) Order 1986.

The statement of compliance for the Company is included within note 2 of the Notes to the Group Financial Statements. The statement of authorisation of the Company financial statements is per note 1 of the Notes to the Group Financial Statements.

2. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company is £694,000 (2005: £6,518,000).

3. Directors' remuneration

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

4. Property, plant and equipment

	Freehold land and buildings £000	*Equipment and vehicles £000*	*Total £000*
Cost			
At 1 January 2005	6,238	12,706	18,944
Additions	378	429	807
Disposals	-	(138)	(138)
At 31 December 2005	6,616	12,997	19,613
Additions	116	573	689
Disposals	-	(1,768)	(1,768)
At 31 December 2006	6,732	11,802	18,534
Depreciation and impairment			
At 1 January 2005	2,497	10,065	12,562
Charge for year	-	882	882
Disposals	-	(116)	(116)
At 31 December 2005	2,497	10,831	13,328
Charge for year	-	744	744
Disposals	-	(1,712)	(1,712)
At 31 December 2006	2,497	9,863	12,360
Net book value			
Net book value at 31 December 2006	4,235	1,939	6,174
Net book value at 31 December 2005	4,119	2,166	6,285
Net book value at 1 January 2005	3,741	2,641	6,382

5. Investments

	Subsidiary undertakings £000	Investment in joint ventures £000	Loans to joint ventures £000	Total £000
Cost and net book value				
At 1 January 2005	61,703	427	954	63,084
Additions	107,953	-	-	107,953
Transfers	427	(427)	-	-
Impairment	(1,352)	-	-	(1,352)
Transferred to intercompany debtors	-	-	(954)	(954)
Exchange adjustment	(1,639)	-	-	(1,639)
At 31 December 2005	167,092	-	-	167,092
Transferred to subsidiary undertaking	(40,762)	-	-	(40,762)
Impairment	(1,296)	-	-	(1,296)
At 31 December 2006	125,034	-	-	125,034

6. Inventories

	2006 £000	2005 £000
Own productions	519	817
Sundry stocks	19	15
	538	832

7. Trade and other receivables

	2006 £000	2005 £000
Trade receivables	8,179	6,157
Amounts owed by subsidiary undertakings and joint ventures	7,393	13,433
Prepayments and accrued income	6,323	3,913
	21,895	23,503

8. Cash and short term deposits

	2006 £000	2005 £000
Cash at bank and in hand	511	369
Short term deposits	2,908	1,896
	3,419	2,265

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 the cash and cash equivalents is £3,419,000 (2005: £2,265,000) for the Company.

9. Trade and other payables

	2006 £000	2005 £000
Trade payables	7,381	4,064
Other payables	212	275
Other taxation and social security	431	956
Accruals and deferred income	6,651	2,690
Amounts due to subsidiary undertakings	1,298	12,615
	15,973	20,600

10. Financial liabilities

	2006 £000	2005 £000
Current:		
Current instalments due on bank loans	6,925	12,060
Interest rate swaps	-	119
	6,925	12,179
Non-current:		
Non-current instalments due on bank loans	92,773	118,866

There is a bank overdraft facility with a total £2.5m limit. This is secured by a floating charge over the Company's assets. The borrowings at 31 December 2006 are stated net of £1,152,000 (2005: £1,574,000) of deferred financing costs. The effective interest rate of the bank loans is 15.39%.

Bank loans comprise the following:

	2006 £000	2005 £000
Senior facilities £90.5m 4 year amortising term loan "A" (1)	84,350	107,500
Senior facilities £30m 4 year revolving credit loan "B" (2)	14,000	25,000
£2.5m Bi-lateral 5 year term loan	2,500	-
	100,850	132,500
Less current instalment on bank loans	7,300	12,500
	93,550	120,000

(1) 2005: Senior facilities £110m 5 year amortising term loan "A"
(2) 2005: Senior facilities £30m 5 year amortising term loan "B"

On 28 November 2006 the existing UTV plc Senior Borrowing facilities were restructured to comprise two separate facilities. The Company became the principal borrower of one of these facilities amounting to £120.5m which is secured by a floating charge over the Company's assets.

The £90.5m 4 year amortising term loan facility "A" is repayable by six instalments of £3.15m in June and December each year until 31 December 2009. A final payment or refinancing of £62.45m will be made on 30 June 2010.

10. Financial liabilities (continued)

The £30m revolving credit facility is available to the Group for the period until 30 June 2010 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".

In 2005 an interest rate swap was purchased fixing the interest costs of circa 50% of the £140m facilities at 4.56% plus the applicable margin to match the repayment profile of the original facilities. Following the review of the facilities on 28 November 2006 this was retained and now represents circa 55% of the amended £120.5m facility. The remainder of the loan has an interest rate charge of 3 month LIBOR plus the applicable margin.

In February 2006 the Board approved a bi-lateral £2.5m term loan with Bank of Ireland. This loan is secured by a floating charge over the Company's assets and is repayable on 30 June 2010. Interest is payable at 3 month LIBOR plus the applicable margin.

The applicable margin on the financial liabilities ranges from 1.35% to 0.75% depending on the Net Debt to EBITDA ratio. In 2006 the applicable margin was 1.35% until 30 March 2006 and thereafter was 1.25%.

11. Provisions

Provision for onerous lease costs

The Company had committed rental costs on a property which it did not occupy. The lease expired during the year. The net obligation outstanding on the lease is:

	2006 *£000*	*2005* *£000*
Balance at 31 December	-	13
Represented by:		
Current liabilities	-	13
Non-current liabilities	-	-
	-	13

Deferred tax

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

	2006 *£000*	*2005* *£000*
Valuation of interest rate swap	456	-
Accelerated capital allowances	352	273
Other temporary differences	-	49
Deferred tax liability	808	322

12. Share-based payments

(a) Share options

During 1999 the Company put in place two share option schemes to incentivise employees. Options on 1,128,157 ordinary shares were awarded during 1999 at an exercise price of £1.97 (market price at the date of grant) and options on 95,470 ordinary shares were awarded during 2001 at an exercise price of £2.73 (market price at the date of grant).

Option holders may only exercise the options granted to them if they hold 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 have been satisfied and all of the options are now exercisable in the period from 1 April 2003 to 28 April 2009. These options are only exercisable in return for shares in the Company.

In September 2006 options totalling 200,721 were exercised and this number of shares were issued for a consideration of £395,420. The weighted average share price for these options exercised was 342.25p.

No further option grants are capable of being made under these schemes and no further options were exercised or lapsed during the year.

Share options outstanding at the end of the year have the following exercise prices:

Expiry date	*Exercise price*	*2006 No.*	*2005 No.*
28 April 2009	£1.97	765,895	966,616
28 April 2009	£2.73	95,470	95,470
		861,365	1,062,086

(b) Long-term incentive plan

During the year the Company put in place a long-term incentive plan for certain UTV senior executives. 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. The performance criteria are based on the growth in earnings per share ('EPS') in excess of the Retail Price Index ('RPI') over the three year period from 1 January 2006. 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.

Grant 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 grant:

End of qualifying period	*Market price on grant date*	*2006 No.*	*2005 No.*
31 December 2008	349.25p	284,768	-

The amount of the bonus that vests to each senior executive increases in accordance with the level of performance achieved, with no bonus payable until the Company's total EPS growth over the three years from 1 January 2006 exceeds RPI by 12%. If this level of EPS growth is achieved, 25% of the award will vest. Additional vesting will be achieved for further growth above this up to the maximum of 100% for EPS growth in excess of RPI of 30%. No bonus will vest if the Company's EPS growth over the three year period from 1 January 2006 is negative.

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

Based on current market forecasts, it is not expected that the performance criteria will be achieved to satisfy the vesting of awards and thus no provision has been created under IFRS 2.

13. Authorised and issued share capital

	2006 thousands	2005 thousands	2006 £000	2005 £000
Authorised				
100,000,000 Ordinary shares of 5p each	100,000	100,000	5,000	5,000

Allotted, called-up and fully paid	2006 thousands	2005 thousands	2006 £000	2005 £000
Ordinary shares of 5p each				
At 1 January	54,546	54,218	2,727	2,711
Issued on exercise of share options	201	120	10	6
Issued on the acquisition of subsidiary	-	208	-	10
At 31 December	54,747	54,546	2,737	2,727

During the year 200,721 options were exercised under the Company's share option scheme (see note 12). This number of shares, which have a nominal value of £10,000, were issued for a consideration of £395,420.

As part of the acquisition of The Wireless Group plc in June 2005, the shareholders of The Wireless Group plc were offered a partial share alternative instead of cash for the acquisition of their shares. This offer was accepted by a number of Wireless Group shareholders and resulted in the issue of 207,804 Ordinary shares in the Company. The Company shares were allocated a value of 493.50p per share. Thus the issued shares, which have a nominal value amounting to £10,390, were issued in lieu of £1,004,000 of consideration for the acquisition.

14. Company statement of changes in equity

	Equity share capital £000	Treasury shares £000	Cash flow hedge £000	Retained earnings reserve £000	Total £000
Balance at 1 January 2005	6,584	-	-	33,462	40,046
Exercise of share options	236	-	-	-	236
Shares issued on acquisition of subsidiary	1,004	-	-	-	1,004
Total recognised income and expense in the year	-	-	-	7,324	7,324
Dividends	-		-	(6,395)	(6,395)
Balance at 31 December 2005	7,824	-	-	34,391	42,215
Exercise of share options	396	-	-	-	396
Shares purchased during the year	-	(360)	-	-	(360)
Total recognised income and expense in the year	- -	-	1,522	1,679	3,201
Dividends	-	-	-	(6,964)	(6,964)
Balance at 31 December 2006	8,220	(360)	1,522	29,106	38,488

Equity share capital
The balance classified as equity share capital includes the total net proceeds on issue of the Company's equity share capital, comprising 5p 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. It is also used to record the net investments hedged in these 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 £120.5m senior facilities bank loan.

15. Derivatives and other financial instruments

The Company follows the policies as outlined in note 28 of the Notes to the Group Financial Statements.

(a) Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instrument, that are carried in the financial statements:

	Carrying amount		*Fair value*	
	2006	*2005*	*2006*	*2005*
	£000	*£000*	*£000*	*£000*
Financial assets				
Cash and short term deposits	3,419	2,265	3,419	2,265
Amounts owed by subsidiaries	7,393	13,433	7,393	13,433
Interest rate swap	1,522	-	1,522	-
	12,334	15,698	12,334	15,698
Financial liabilities				
Interest-bearing loans and borrowings	99,697	130,926	89,120	115,241
Interest rate swap	-	119	-	119
Amounts owed to subsidiaries	1,298	12,615	1,298	12,615
	100,995	143,660	90,418	127,975

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 is determined by reference to market values for similar interests.

15. Derivatives and other financial instruments (continued)

(b) Interest rate risk

The following table sets out the carrying amount, by maturity, of the Company's financial instruments that are exposed to interest rate risk:

Year ended 31 December 2006

	Within 1 year £000	*1-2 years £000*	*2-3 years £000*	*3-4 years £000*	*4-5 years £000*	*more than 5 years £000*
Fixed rate						
£120.5m Senior facility	(5,000)	(5,000)	(5,000)	(47,500)	-	-
Floating rate						
Cash assets	3,419	-	-	-	-	-
£120.5m Senior facility	(2,300)	(2,300)	(2,300)	(28,950)	-	-
£2.5m Term loan	-	-	-	(2,500)	-	-

Year ended 31 December 2005

	Within 1 year £000	*1-2 years £000*	*2-3 years £000*	*3-4 years £000*	*4-5 years £000*	*more than 5 years £000*
Fixed rate						
£140m Senior facility	(6,250)	(5,000)	(5,000)	(5,000)	(32,500)	-
Interest rate swap	11	13	13	13	13	56
Floating rate						
Cash assets	6,470	-	-	-	-	-
£140m Senior facility	(6,250)	(5,000)	(5,000)	(5,000)	(32,500)	-

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year.

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The other financial instruments of the Company that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

15. Derivatives and other financial instruments (continued)

(c) Credit risk

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

(d) Hedging activities

Cash flow hedges
At 31 December 2006, the Company held an interest rate swap designated as a hedge of 55% of the expected floating rate interest payments on the £120.5m senior facilities bank loan. The terms of this contract are that the company pay fixed 3 month LIBOR 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.

The terms of the interest rate swap had been negotiated to match the terms of the loan commitments.

An unrealised gain on the interest rate swap of £1,521,700 was credited directly to equity.

No foreign currency contracts were entered into during the year.

Net investments in foreign operations
At 31 December 2005 and 2006 there were no borrowings which were designated as a hedge of investments in foreign activities.

16. Commitments to pension funds

The Company operates a defined benefit pension scheme (“The UTV Scheme”) in Northern Ireland. The analysis of the schemes’ assets and liabilities, details of the charges to the income statement and the statement of recognised income and expense and the analysis of the fair value of the assets and liabilities are disclosed within note 30 of the Notes to the Group Financial Statements.

17. Related party transactions

Transactions between the company and its subsidiaries and joint ventures, which are related parties, are summarised below. Payments are made and debts collected under normal trade terms.

	Joint Ventures 2006 £000	*Joint Ventures 2005 £000*	*Subsidiaries 2006 £000*	*Subsidiaries 2005 £000*
Sales	-	-	1,014	534
Purchases	80	146	60	60
Amounts owed by	7	9	7,386	13,423
Amounts owed to	2	99	1,296	12,516

The key management personnel in the Company 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

	2006 £000	*2005 £000*
Short-term employee benefits	1,005	1,129
Post employment benefits	217	83
Other long term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	1,222	1,212

18. Capital commitments

	2006 £000	*2005 £000*
Contracted for and not provided for in the accounts	-	-

UTV plc

(Registered in Northern Ireland with no. NI4230)

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of UTV plc (the "Company") will be held at UTV, Ormeau Road, Belfast BT7 1EB on Friday 25 May 2007 at 12 noon to consider and, if thought fit, to pass the following resolutions. Resolutions 1 to 8 will be proposed as Ordinary Resolutions and resolutions 9 and 10 will be proposed as Special Resolutions.

Ordinary Business

1 To receive and adopt the Accounts for the year ended 31 December 2006 together with the Directors' and Auditors' Reports thereon.

2 To approve the Report of the Board on Directors' Remuneration for the year ended 31 December 2006.

3 To declare a final dividend of 8p per Ordinary Share of 5p in the capital of the Company in favour of shareholders on the register of members of the Company at the close of business on 30 March 2007, to be paid on 11 June 2007.

4 To re-elect as a Director M H Morrow who retires from the Board by rotation pursuant to Article 116.1 of the Articles of Association of the Company and, being eligible, offers herself for re-election.

5 To re-elect as a Director J R Downey who retires from the Board by rotation pursuant to Article 116.1 of the Articles of Association of the Company and, being eligible, offers himself for re-election.

6 To re-elect as a Director P O'Brien who retires from the Board pursuant to Article 115 of the Articles of Association of the Company and, being eligible, offers himself for re-election.

7 To re-appoint Ernst & Young LLP, the retiring auditors, until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.

8 That for the purposes of Article 90 of the Companies (Northern Ireland) Order 1986 (the "Order") (and so that expressions used in this resolution shall bear the same meanings as in the said Article 90):

8.1 the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities up to a maximum nominal amount of £967,943 (being approximately 35% of the nominal value of the issued ordinary share capital of the Company as at 31 March 2007) to such persons and at such times and on such terms as they think proper during the period expiring at the end of five years from the date of the passing of this resolution (unless previously revoked or varied by the Company in general meeting); and

8.2 the Company be and is hereby authorised to make, prior to the expiry of such period, any offer or agreement which would or might require relevant securities to be allotted after the expiry of the said period and the Directors may allot relevant securities in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution;

so that all previous authorities of the Directors pursuant to the said Article 90 be and are hereby revoked.

9 That the Directors be and are empowered in accordance with Article 105 of the Order to sell treasury shares (as defined in Article 172 of the Order) and, subject to the passing of resolution 8 set out in the Notice convening this Meeting, make other allotments of equity securities (and the expression "allotment of equity securities" and like expressions used in this resolution shall have the meaning given to them by virtue of Article 104 of the Order) for cash, pursuant to the authority conferred on them to allot relevant securities (as defined in Article 90 of the Order) by that resolution, in each case as if Article 99(1) and sub-sections (1)-(6) of Article 100 of the Order did not apply to any such sale or allotment, provided that the power conferred by this resolution shall be limited to:

9.1 the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering (other than the Company itself in respect of any shares held by it as treasury shares) where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective number of equity securities held by or deemed to be held by them on the record date of such allotment, subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and

9.2 the allotment (otherwise than pursuant to paragraph 9.1 above) of equity securities up to an aggregate nominal value not exceeding £136,867; and this power, unless renewed, shall expire at the end of the Annual General Meeting of the Company to be held in 2008 or, if earlier, at the end of five years from the date of the passing of this resolution but shall extend to the making, before such expiry, of an offer or agreement which would or might require securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Special Business

10 That the Company be and is hereby generally and unconditionally authorised for the purpose of Article 176 of the Order to make market purchases (as defined in Article 173 of the Order of ordinary shares of 5p each in the capital of the Company ("ordinary shares") provided that:

10.1 the maximum number of ordinary shares hereby authorised to be purchased is 2,740,075, being 5% of the ordinary shares in issue as at 31 March 2007;

10.2 the minimum price (exclusive of expenses) which may be paid for such ordinary shares is 5p per share, being the nominal amount thereof;

10.3 the maximum price (exclusive of expenses) which may be paid for such ordinary shares shall be an amount equal to 5% above the average of the middle market quotations for such shares taken from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made;

10.4 the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the end of the next Annual General Meeting of the Company and the date which is 18 months after the date on which this resolution is passed; and

10.5 the Company may make a contract to purchase its own ordinary shares under the authority conferred by this resolution prior to the expiry of such authority, and such contract will or may be executed wholly or partly after the expiry of such authority, and the Company may make a purchase of its own ordinary shares in pursuance of any such contract.

By Order of the Board

Ormeau Road
Belfast
BT7 1EB

P O'Brien FCMA
Company Secretary
5 April 2007

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote on his behalf. A proxy need not be a member of the Company.

2. A form of proxy is enclosed with this notice. The form covers all of the resolutions to be proposed at the Annual General Meeting. To be effective it, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of the same, must be returned to UTV, Ormeau Road, Belfast, BT7 1EB, to arrive no later than 12 noon on Wednesday 23 May 2007.

3. Completion and return of a form of proxy does not preclude a member from attending the meeting and voting in person should he or she so wish.

4. Biographies of the Directors being proposed for re-election are included on page 20 of the Annual Report & Accounts. The Board considers that each of the Directors have skills, knowledge and experience that allow them to properly discharge their duties and contribute to the effective operation of the Board.

5. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

Registered Office and Advisers

Registered Office
Ormeau Road
Belfast
BT7 1EB

Registered Number: NI4230
Company Secretary: P O'Brien FCMA

Internet Address
www.utvplc.com

Auditors
Ernst & Young LLP
16 Bedford Street
Belfast
BT2 7DT

Bankers
First Trust Bank
35 University Road
Belfast
BT7 1ND

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

Travers Smith
10 Snow Hill
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EC1A 2AL

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2

Registrars
Computershare Investor Services (Ireland) Limited
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Brokers and financial advisers
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Goodbody Corporate Finance
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Ballsbridge
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