

STV GROUP PLC  
SC 203873

**Condensed interim balance sheet  
As at 30 June 2017**




	30 June 2017 £m	31 December 2016 £m
Note	Unaudited	Audited
<b>Non-current assets</b>		
Property, plant and equipment	12      8.2	7.3
Other intangible assets	13      2.6	2.7
Investments	0.8	0.8
Deferred tax asset	20.4	21.7
Trade and other receivables	8.1	5.9
	40.1	38.4
<b>Current assets</b>		
Inventories	20.2	19.5
Trade and other receivables	20.6	22.8
Cash and cash equivalents	2.8	13.3
	43.6	55.6
<b>Total assets</b>	<b>83.7</b>	<b>94.0</b>
<b>Equity attributable to owners of the parent</b>		
Ordinary shares	15      19.8	19.8
Share premium	15      101.9	101.9
Merger reserve	173.4	173.4
Other reserve	0.6	0.4
Accumulated losses	(345.6)	(348.5)
<b>Total equity</b>	<b>(49.9)</b>	<b>(53.0)</b>
<b>Non-current liabilities</b>		
Borrowings	14      36.8	39.7
Derivative financial instruments	0.1	0.1
Provisions	0.2	0.3
Retirement benefit obligations	17      83.5	88.8
	120.6	128.9
<b>Current Liabilities</b>		
Trade and other payables	12.5	17.9
Corporation tax	0.3	-
Provisions	0.2	0.2
	13.0	18.1
<b>Total liabilities</b>	<b>133.6</b>	<b>147.0</b>
<b>Total equity and liabilities</b>	<b>83.7</b>	<b>94.0</b>

The above condensed interim balance sheet should be read in conjunction with the accompanying notes.

  
ROB WOODWARD  
CHIEF EXECUTIVE OFFICER

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GEORGE WATT  
CHIEF FINANCIAL OFFICER

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STV GROUP PLC  
50203873**Condensed interim income statement**  
**Six months ended 30 June 2017**

		<b>Six months 2017 £m Unaudited</b>	Six months 2016 £m Unaudited
<b>Revenue</b>	7	<b>54.6</b>	56.2
Net operating expenses		<b>(45.4)</b>	(45.2)
<b>Operating profit</b>		<b>9.2</b>	11.0
Finance costs - borrowings	8	<b>(0.5)</b>	(0.6)
- IAS 19 pension	8	<b>(1.2)</b>	(0.2)
		<b>(1.7)</b>	(0.8)
<b>Profit before tax</b>		<b>7.5</b>	10.2
Tax charge	9	<b>(1.2)</b>	(2.0)
<b>Profit for the period</b>		<b>6.3</b>	8.2
<b>Earnings per share</b>			
Basic	10	<b>16.2p</b>	21.2p
Diluted	10	<b>15.9p</b>	20.8p

*A reconciliation of the statutory results to the adjusted results is included at note 19.*

**Condensed interim statement of comprehensive income**  
**Six months ended 30 June 2017**

		<b>Six months 2017 £m Unaudited</b>	Six months 2016 £m Unaudited
<b>Profit for the period</b>		<b>6.3</b>	8.2
Items that will not be reclassified to profit or loss:			
Remeasurement gains/(losses) on defined benefit pension schemes		<b>2.9</b>	(53.6)
Deferred tax (charge)/credit		<b>(0.5)</b>	9.6
<b>Other comprehensive income/(expense) for the period</b>		<b>2.4</b>	(44.0)
<b>Total comprehensive income/(expense) for the period</b>		<b>8.7</b>	(35.8)

The above condensed interim income statements should be read in conjunction with the accompanying notes.

**Condensed interim statement of changes in equity  
Six months ended 30 June 2017**

**Equity attributable to owners of the parent**

	Ordinary shares £m	Share premium £m	Merger reserve £m	Other reserve £m	Accumulated losses £m	Total equity £m
<b>Balance at 1 January 2017</b>	19.8	101.9	173.4	0.4	(348.5)	(53.0)
Profit for the period	-	-	-	-	6.3	6.3
Other comprehensive income	-	-	-	-	2.4	2.4
<b>Total comprehensive income for the period</b>	-	-	-	-	<b>8.7</b>	<b>8.7</b>
Acquisition of treasury shares	-	-	-	-	(1.4)	(1.4)
Share based compensation	-	-	-	0.2	-	0.2
Issue of treasury shares to employees	-	-	-	-	0.1	0.1
Value of employee services	-	-	-	-	(0.2)	(0.2)
Dividends	-	-	-	-	(4.3)	(4.3)
<b>Balance at 30 June 2017 (unaudited)</b>	<b>19.8</b>	<b>101.9</b>	<b>173.4</b>	<b>0.6</b>	<b>(345.6)</b>	<b>(49.9)</b>
<b>Balance at 1 January 2016</b>	19.6	101.8	173.4	0.9	(284.8)	10.9
Profit for the period	-	-	-	-	8.2	8.2
Other comprehensive expense	-	-	-	-	(44.0)	(44.0)
<b>Total comprehensive expense for the period</b>	-	-	-	-	<b>(35.8)</b>	<b>(35.8)</b>
Issue of share capital	0.2	1.0	-	-	-	1.2
Acquisition of treasury shares	-	-	-	-	(1.1)	(1.1)
Share based compensation	-	-	-	(0.5)	-	(0.5)
Issue of treasury shares to employees	-	-	-	-	1.3	1.3
Dividends	-	-	-	-	(2.7)	(2.7)
<b>Balance at 30 June 2016 (unaudited)</b>	<b>19.8</b>	<b>102.8</b>	<b>173.4</b>	<b>0.4</b>	<b>(323.1)</b>	<b>(26.7)</b>

The above condensed interim statement of changes in equity should be read in conjunction with the accompanying notes.

**Condensed interim statement of cash flows**  
**Six months ended 30 June 2017**

	<b>Six months 2017 £m</b>	Six months 2016 £m
<b>Note</b>	<b>Unaudited</b>	Unaudited
<b>Operating activities</b>		
	<b>4.0</b>	7.2
16	<b>(0.3)</b>	(0.6)
	<b>(3.6)</b>	(7.8)
	<b>0.1</b>	(1.2)
<b>Investing activities</b>		
	<b>(0.3)</b>	(0.6)
	<b>(1.7)</b>	(1.3)
	<b>(2.0)</b>	(1.9)
<b>Financing activities</b>		
	<b>(1.3)</b>	1.3
	-	1.2
	<b>(3.0)</b>	-
11	<b>(4.3)</b>	(2.7)
	<b>(8.6)</b>	(0.2)
	<b>(10.5)</b>	(3.3)
	<b>13.3</b>	13.7
	<b>2.8</b>	10.4

Although not required under IFRS the directors have provided the following reconciliation of net debt for further clarity. The net debt represents Group borrowings less cash and cash equivalents.

	<b>Six months 2017 £m</b>	Six months 2016 £m
<b>Reconciliation of movement in net debt</b>		
<b>Six months ended 30 June 2017</b>		
<b>Opening net debt</b>	<b>(26.4)</b>	(25.7)
Net decrease in cash and cash equivalents in the period	<b>(10.5)</b>	(3.3)
Net movement in debt financing	<b>2.9</b>	(0.1)
<b>Closing net debt</b>	<b>(34.0)</b>	(29.1)

## **Notes to the condensed set of financial statements Six months ended 30 June 2017**

### **1. General information**

STV Group plc ("the Company") and its subsidiaries (together "the Group") is listed on the London Stock Exchange and incorporated and domiciled in the UK. The address of the registered office is Pacific Quay, Glasgow, G51 1PQ. The principal activities of the Group are the production and broadcasting of television programmes, internet services and the sale of advertising airtime and space in these media and lottery management services.

These condensed interim financial statements were approved for issue on 31 August 2017 and have been reviewed not audited. They do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2016 were approved by the board of directors on 13 March 2017 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

### **2. Basis of preparation**

These condensed interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (previously the Financial Services Authority) and with IAS34, 'Interim financial reporting', as adopted by the European Union. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with IFRSs as adopted by the European Union.

#### **Going concern basis**

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. The directors therefore consider it appropriate to continue to adopt the going concern basis in preparing its condensed interim financial statements.

### **3. Accounting policies**

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016.

A number of amendments to IFRSs became effective for the financial year beginning on 1 January 2017 however the Group did not have to change its accounting policies or make material retrospective adjustments as a result of adopting these new standards.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

#### **4. Estimates**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016, with the exception of changes in estimates that are required in determining the provision for income taxes.

#### **5. Financial risk management and financial instruments**

The Group's activities expose it to a variety of financial risks: currency risk, credit risk, liquidity risk and cash flow interest rate risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2016.

There have been no changes in any risk management policies since the year end.

#### **6. Seasonality of operations**

In line with the UK advertising market as a whole, the autumn season provides the Group with the highest level of revenues. The Productions business also delivers the majority of its programmes to broadcasters in the second half of the year.

## 7. Business segments

The Group's Chief Executive, the chief operating decision maker, considers the business primarily from a product perspective. Under IFRS 8, the reportable segments are therefore Consumer, Productions and ELM (external lottery management).

The performance of the segments is assessed based on a measure of adjusted operating profit.

<b>Segment revenues</b>	External sales	
	<b>Six months 2017</b>	Six months 2016
	<b>£m</b>	<b>£m</b>
Consumer	<b>48.7</b>	52.7
Productions	<b>2.6</b>	3.5
ELM	<b>3.3</b>	-
	<b>54.6</b>	56.2
<b>Segment result</b>	<b>Six months 2017</b>	Six months 2016
	<b>£m</b>	<b>£m</b>
Consumer	<b>10.1</b>	11.8
Productions	<b>(0.9)</b>	(0.8)
ELM	-	-
Operating profit	<b>9.2</b>	11.0
Financing	<b>(1.7)</b>	(0.8)
Profit before tax	<b>7.5</b>	10.2
Tax charge	<b>(1.2)</b>	(2.0)
<b>Profit attributable to owners of the parent</b>	<b>6.3</b>	8.2

There has been no significant change in total assets from the amount disclosed in the last annual financial statements. There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

## 8. Finance costs

	<b>Six months 2017</b>	Six months 2016
	<b>£m</b>	<b>£m</b>
Bank borrowings	<b>0.5</b>	0.6
IAS 19 Pension finance charge	<b>1.2</b>	0.2
<b>Finance costs</b>	<b>1.7</b>	0.8

## 9. Tax

Tax on underlying results for the six month period is charged at 16% (30 June 2016: 20%) representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax profit of the six month period. The tax charge is lower than the standard rate of 19.25% due to use of brought forward losses not recognised for deferred tax and the impact of the anticipated reduction in the statutory rate of corporation tax on the realisation of deferred tax assets in the current period.

## 10. Earnings per share

	Earnings £m	Six months 2017 Weighted average number of shares (m)	Per share Pence	Earnings £m	Six months 2016 Weighted average number of shares (m)	Per share Pence
<b>EPS:</b>						
Earnings attributable to ordinary shareholders	<b>6.3</b>	<b>38.9</b>	<b>16.2p</b>	8.2	38.6	21.2p
<b>Basic EPS</b>	<b>6.3</b>	<b>38.9</b>	<b>16.2p</b>	8.2	38.6	21.2p
EBT purchased shares		<b>0.6</b>			0.8	
<b>Diluted EPS</b>	<b>6.3</b>	<b>39.5</b>	<b>15.9p</b>	8.2	39.4	20.8p

## 11. Dividends

A dividend of £4.3m (2016: £2.7m) which relates to the year ended 31 December 2016 was paid in May 2017.

An interim dividend of 5.0p per share (2016: 4.0p per share) has been proposed and is subject to approval by the board of directors. It is payable on 27 October 2017 to shareholders who are on the register at 29 September 2017. This interim dividend, amounting to £2.0m (2016: £1.6m), has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity in the year to 31 December 2017.

## 12. Property, plant and equipment

During the six months to 30 June 2017, the Group has incurred expenditure of £1.7m on property, plant and equipment (£1.8m in the year to 31 December 2016; £1.3m in the six months to 30 June 2016).

## 13. Other intangible assets

During the six months to 30 June 2017, the Group has incurred expenditure of £0.3m on web development (£1.4m in the year to 31 December 2016; £0.6m in the six months to 30 June 2016).

## 14. Borrowings and loans

At 30 June 2017, the Group had revolving credit and overdraft bank facilities in place totalling £60.0m (£60.0m at 31 December 2016; £60.0m at 30 June 2016). At 30 June 2017, £37.0m of the facility was drawn down (2016: £40.0m).

The £60.0m revolving credit and overdraft facility has a maturity date of June 2019. Security is provided to the debt providers by way of cross guarantees and a share pledge.

## 15. Share capital and share premium

There were no movements in share capital during the six months to 30 June 2017.

## 16. Notes to the condensed interim statement of cash flows

	<b>Six months 2017 £m</b>	Six months 2016 £m
Operating profit	<b>9.2</b>	11.0
Adjustments for:		
Depreciation	<b>0.8</b>	0.9
Amortisation	<b>0.4</b>	0.1
Share based compensation	<b>0.1</b>	(0.5)
<b>EBITDA</b>	<b>10.5</b>	11.5
Increase in inventories	<b>(0.7)</b>	(1.4)
Decrease/(increase) in trade and other receivables (excluding ELM)	<b>2.2</b>	(0.5)
Decrease in trade and other payables (excluding ELM)	<b>(5.2)</b>	(2.4)
Increase in ELM trade and other receivables	<b>(2.2)</b>	-
Decrease in ELM trade and other payables	<b>(0.6)</b>	-
<b>Cash generated by operations</b>	<b>4.0</b>	7.2

## 17. Retirement benefit schemes

The fair value of the assets in the schemes and the present value of the liabilities in the schemes at each balance sheet date was:

	<b>At 30 June 2017 £m</b>	At 31 December 2016 £m
Fair value of plan assets	<b>359.3</b>	359.4
Present value of defined benefit obligations	<b>(442.8)</b>	(448.2)
Liability in the balance sheet	<b>(83.5)</b>	(88.8)

A related offsetting deferred tax credit of £14.3m is shown under non-current assets. Therefore the net pension scheme deficit amounts to £69.2m at 30 June 2017 (£73.5m at 31 December 2016).

## 18. Transactions with related parties

There has been no change from the 2016 Annual Report and no transactions with any related parties in the period to 30 June 2017.

## 19. Reconciliation of statutory results to adjusted results

	2017			2016		
	Profit before tax £m	Basic EPS pence	Diluted EPS pence	Profit before tax £m	Basic EPS pence	Diluted EPS pence
<b>Statutory results</b>	7.5	16.2p	15.9p	10.2	21.2p	20.8p
Add back: IAS 19	1.2	2.6p	2.5p	0.2	0.6p	0.5p
<b>Adjusted results</b>	8.7	18.8p	18.4p	10.4	21.8p	21.3p

## **Independent review report to STV Group plc**

### **Report on the condensed interim financial statements**

#### **Our conclusion**

We have reviewed STV Group plc's condensed interim financial statements (the "interim financial statements") in the interim financial report of STV Group plc for the 6 month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

#### **What we have reviewed**

The interim financial statements comprise:

- the condensed interim balance sheet as at 30 June 2017
- the condensed interim income statement and condensed interim statement of comprehensive income for the period then ended;
- the condensed interim statement of cash flows for the period then ended;
- the condensed interim statement of changes in equity for the period then ended; and
- the explanatory notes to the condensed interim financial statements.

The interim financial statements included in the interim financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### **Responsibilities for the interim financial statements and the review**

#### **Our responsibilities and those of the directors**

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

Our responsibility is to express a conclusion on the interim financial statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **What a review of condensed financial statements involves**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP  
Chartered Accountants  
Glasgow

August 2017

- a) The maintenance and integrity of the STV Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.
- b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.