EXECUTIVE CHAIRMAN'S STATEMENT

Michael Grade

Introduction

The UK television advertising market suffered its worst year on year decline on record over the first half of 2009 with total revenues falling by 17% year on year. Whilst ITV has continued to outperform, inevitably this market weakness is reflected in ITV's financial results. However, ITV is making good progress in delivering the actions, detailed in March, to mitigate the impact of market weakness and position the Company for growth when economic conditions improve.

We set out with our year end results three priorities for the Company on which we continue to focus: to maintain the improved operational performance of our core business; to make ITV a leaner, simpler and fitter business, delivering significant cost savings; and to manage our cash position and the balance sheet. In each of these areas, we have delivered some clear and significant achievements.

Whilst the television advertising market has remained challenging in the second half, there are some signs that the rate of decline is easing and ITV continues to outperform the market.

Financial results

Across the group, revenues were down 12%, largely due to a 15% fall in television advertising revenues. Whilst outperforming the wider UK television advertising market, ITV's television advertising revenues fell by £108 million year on year. Substantial cost savings delivered during the half year mitigated the impact of this revenue decline on profits, with earnings before interest, tax, amortisation, impairment of intangible assets and operating exceptional items down £75 million to £46 million. The adjusted loss per share, before exceptional items, amortisation and impairment and tax adjustments was 0.5 pence (2008: adjusted earnings of 1.5 pence). Notwithstanding the reduction in earnings, operating cashflows after capital expenditure were increased by over £50 million to £168 million, through tight working capital management. However, given the continuing economic uncertainty, the Board has taken the view that it is appropriate to suspend the interim dividend, in line with the approach taken at the year end.

Operating highlights

We are continuing to outperform our commercial television peers. For the second year in succession, we are increasing our share of the UK television advertising market. We have stabilised audiences across our family of channels, in particular in peak time. ITV1 is consistently delivering mass audiences to UK advertisers, night after night. Our digital channels continue to deliver growth in audience and advertising share terms. Online, itv.com is increasingly becoming a channel of scale in its own right for delivering ITV content. Over the first half of 2009, we have already generated more video views than we did in the previous 18 months and our online advertising revenues are growing rapidly, albeit they remain limited in absolute terms. Our Global Content business is maintaining revenue growth, even in a tougher market, and has held its profits. Our international production business has been particularly strong, with revenues up 36% in the first half and key commissions secured for the second half.

We have also demonstrated once again the enduring value of broadcasting and producing compelling content across multiple territories and platforms. After eight successful series of *I'm a Celebrity* in the UK, the first half of 2009 saw a fourth series of the German version – *Ich Bin Ein Star* – on RTL and a US version airing successfully on NBC. In the second half, Indian and Swedish versions will be broadcast. All are being produced by ITV. Cumulative lifetime revenues generated from that single ITV Studios show – in production and format fees and international programme sales – have reached over £150 million. In May 2009 *Britain's Got Talent* peaked with a UK audience of nearly 20 million people, the highest audience on UK television in six years excluding sport. The ITV broadcast drove record numbers on itv.com, where during a single month 13 million users watched 50 million pieces of video content. Even in these uncertain times, the power of successful ITV content is undiminished.

Cost savings and cash retention

We are well on track to achieve the cost savings targets confirmed in March this year. We set a target to deliver at least £155 million of savings from programming and off-screen in 2009. Whilst these will be weighted to the second half, around £57 million of savings have already been delivered. In 2010, our cumulative savings target rises to £215 million. In 2011, our target reaches £285 million, equating to over 15% of ITV's 2008 cost base. Whilst this programme of cost reduction is a key element of our response to current economic weakness, we are seeking to deliver a permanent structural reduction in our cost base, which will be maintained even as conditions stabilise and improve.

As well as cutting costs, we are focused on maximising cash retention and the conversion of earnings into cash. By managing down our programming stock, we are reaping a considerable working capital benefit. We have also reduced capital expenditure, whilst continuing to invest selectively where required. In March we said that our long-term target was for at least 80% conversion of earnings into operating cashflow. With the progress we have made, we are on course to deliver over 100% conversion for the full year.

Debt and financing

As a result of increased operating cashflows, net debt at the half year was held at £728 million, compared to £730 million at the 2008 year end. This was despite considerable cash funding commitments in the first half, including £30 million in regular pension deficit funding, exceptional charges representing £43 million of cash, a dividend payment of £25 million and £50 million in connection with past acquisitions. There were no significant disposals during the period. However we have confirmed our intention to dispose of a number of non-core businesses, including Friends Reunited and SDN, and our stake in Screenvision US. In each case, the sales process is well-advanced.

Given the economic uncertainty, we have taken steps to ensure that the Company's financial position is as secure as possible. Since the start of the year we have repaid £250 million of maturing debt, drawn down on a pre-existing £125 million facility and secured £108 million of new covenant-free financing. Using these funds and existing cash and facilities, we successfully undertook an exchange offer in June which, in return for an upfront payment of £69 million, reduced our 2011 bond repayment by over 50% to a total of £140 million post cross currency interest rate swaps.

Regulation

The first half of the year has seen considerable progress with respect to regulation. The review of Contract Rights Renewal moved into its final stage in May, with the OFT recommending that the Competition Commission consider a "more proportionate" remedy. We are co-operating fully to seek to ensure that the process completes in time for the 2010 advertising deal round towards the end of this year. In June, Lord Carter's Digital Britain review completed with the Government proposing "independently-financed news consortia" to assume responsibility over time for production of ITV regional news programming and committing to bring forward the review of ITV licence payments. These proposals will potentially deliver significant additional savings.

Board and CEO appointment

In view of the anticipated resolution of these key regulatory processes over the next few months, I recommended to the Board in April that it made business sense for me to relinquish my role as Executive Chairman. The Board agreed to begin the succession process immediately, anticipating appointment of a new Chief Executive by the end of this year. The process is proceeding in line with the timetable set out by the Board.

Current trading

ITV's television advertising revenues are currently forecast to be down 12% across the third quarter, running slightly ahead of the total market. For September, we currently forecast ITV advertising revenues to be down by 7%, again outperforming the total market. In Global Content, our international production business in particular has a number of key commissions confirmed for the second half.

Summary and outlook

We continue to take comprehensive action to respond to the unprecedented market conditions that we face. This means focusing investment on our core business and reducing our staff numbers to make ITV a leaner, fitter and stronger business. As necessary as that process is, it is nonetheless a difficult one and I would once again like to thank all those affected for their efforts on behalf of ITV.

Looking ahead, our forward visibility on revenues is limited and the economic outlook remains uncertain. However, given the operational gearing of ITV's earnings to television advertising - and the further £100 million in cost savings to be delivered over the second half - ITV is well placed to capitalise on any stabilisation in the market. Beyond 2009, we are confident that the progress we are making will position the Company to take full advantage of the considerable opportunities to exploit the content we create and broadcast as and when economic conditions improve.

BUSINESS REVIEW

OUR MARKET ENVIRONMENT

Advertising market trends

Following a significant weakening at the end of 2008, the UK television advertising market declined by around 17% over the first six months of 2009 compared to the same period last year. The television advertising market has remained challenging in the third quarter, but there are some signs that the rate of market decline is easing compared to the first half.

Platform growth

By the end of the first quarter of 2009, over 90% of the UK population had access to digital television. However, the rate of growth in digital take-up has slowed, with BARB estimating that 1.1 million UK homes converted to digital in the 12 months to March 2009, compared to 2.8 million the previous year. There are now only an estimated 3.4 million UK homes yet to convert to digital. The digital switchover process will see all UK homes fully converted by the end of 2012.

Digital terrestrial television remains the UK's primary digital platform with 37% of UK homes using Freeview on their primary set. In addition, Freeview is the main driver of non-primary set digital sales, the majority of which are now converted for digital reception.

Around one third of UK homes are BSkyB subscribers and a further 13% subscribe to Virgin Media. It is estimated that nearly 5% of homes access digital television via satellite without subscription, including the Freesat service offered by the BBC and ITV.

Viewing and commercial impacts

Levels of television viewing in the UK have continued to remain stable. Over the first half, the average UK adult watched around 4 hours of television per day, in line with the level in 2008. Over the last decade, there has been a slight increase in average viewing levels.

Around two thirds of total viewing is to commercial channels. Over recent years, the level of commercial viewing has increased at a faster rate than viewing overall, as the BBC has lost share to commercial channels as UK viewers have transitioned from an analogue five channel viewing environment to digital multichannel.

In particular for ITV1 under the Contract Rights Renewal mechanism, share of commercial impacts is a key determinant of the advertising revenue and share the channel can attract. A commercial impact is defined as one person viewing one 30-second television advertisement.

As a publicly funded broadcaster, the BBC's channels deliver no commercial impacts. Loss of audience share from the BBC to commercial channels has therefore tended to increase the overall volume of commercial impacts in the UK market. At the same time, digital commercial channels have been building share at the expense of the established commercial terrestrial channels: ITV1, Channel 4 and five. This also has the effect of increasing the volume of commercial impacts, as digital commercial channels are permitted to carry more advertising minutage.

However, the rate of growth of commercial impacts is slowing as digital penetration nears 100%. In the first half of 2009, the total volume of commercial impacts in the UK market increased by 2% compared to the previous year. For the same period in 2008, the total volume of commercial impacts increased by 6%.

Content

In the UK market place, the main commissioners of original programming are the BBC, ITV, Channel 4 and – to a lesser extent – five. The regulator, Ofcom, has estimated that the main terrestrial broadcasters account for around 90% of UK commissions. For the most part exclusively digital broadcasters, such as BSkyB, Virgin and UKTV, rely on acquired programmes and repeats, sport, and films, with lower levels of original commissioning.

The main UK producers include the BBC, ITV Studios, Endemol and Fremantle (owned by RTL), plus many hundreds of smaller independent production companies. Exploiting the value of content across multiple channels, platforms and territories is increasingly critical to success in the production sector.

OPERATING REVIEW

Given the significant weakening of the television advertising market from late 2008 and as detailed in the Annual Report, ITV embarked on a detailed review of its structure, activities, assets and staffing levels. In March 2009, ITV set out in detail how the Company would position itself to come through the economic downturn in as strong and competitive position as possible, by focusing on its core business as a producer broadcaster; on cost reduction; and on managing tightly cash and the balance sheet.

With respect to its core business, ITV is seeking to maintain the turnaround of ITV1 performance and continue the growth delivered by its digital channels. Across the family of channels, ITV is seeking to continue to maximise audience share and to win advertising market share from its competitors. Online, ITV is focusing on delivering video content via itv.com and VoD platforms, building up online audiences and maximising revenues. Even in a tough market, ITV is seeking to continue to grow its Global Content revenues, in particular from international production. Consistent with this focus on its core business, ITV has confirmed it is seeking to dispose of Friends Reunited and SDN, and the closure of ITV Local as a stand-alone business.

With respect to costs, ITV has set out detailed targets for reduction in costs to 2011. In 2009, ITV is targeting at least £155 million in savings, rising to £215 million in 2010 and £285 million in 2011. These savings will be delivered across network and regional programming and via off-screen efficiencies.

With respect to cash and the balance sheet, ITV has raised over £100 million in new financing to date in 2009. By managing its stock position, ITV has also generated a significant working capital benefit, which has allowed the Company to increase operating cash flows by over 40%, even as operating profits have fallen. As a result the Company has been able to hold its net debt level stable, despite considerable cash commitments in the first half. ITV has also undertaken a successful bond exchange which reduces the next debt repayment in 2011 by over 50% to £140 million post cross currency interest rate swaps.

The following sections provide further detail on ITV's operating performance in each business segment and the Company's progress with respect to its cost savings targets. Further details on financing and the balance sheet are set out in the Financial Review.

BROADCASTING

Broadcast revenue, including revenue from online businesses, was down by 13% over the period with ITV television advertising revenues falling by £108 million or 15%. Nonetheless ITV has continued to win market share from its broadcast competitors, reflecting a successful deal round with advertisers at the end of 2008 and strong ratings performances by ITV1 and digital channel programming in 2009, which allowed ITV to compete successfully for the higher proportion of late monies in a more uncertain market. Sponsorship revenues also held up well, despite the weak market context, increasing by 11% to £30 million.

ITV1

Across 2009, ITV is reducing ITV1's schedule costs by over £100 million compared to 2008. Around £40 million of these savings are coming from regional programming, as ITV modernises the regional news map, following the Ofcom PSB review, which concluded in early 2009. The balance is coming from a reduction in the budget for network programming for ITV1. ITV is working closely with in-house and independent producers to ensure maximum return on its programme investment and efficiency in its programming spend. In terms of the genre mix, a shift in schedule emphasis is delivering a reduction in more expensive drama commissions, offset by an increase in cheaper factual and acquired programming. A significant proportion of the reduction in network programming spend will also come from an anticipated reduction in programme write-downs in the second half.

Notwithstanding budget reductions, to date in 2009 ITV1 has scored a number of significant ratings successes, from returning and new series. *Dancing on Ice* returned for a 4th series, delivering an average 35% share with the series peaking with 11.3 million viewers for the final show. A number of successful new drama series included *Unforgiven, Law and Order: UK, Above Suspicion* and *Whitechapel*, which with 9.3 million viewers is the highest rating new drama on any channel to date in 2009 and the best performing new drama on any channel since 2006. ITV1 launched six new dramas attracting in excess of 5 million viewers in the first half of 2009, compared to just three for the BBC. As ITV is seeking to increase the efficiency of its programming investment, factual programming is a key focus. In the first half of 2009, authored factual series included *Billy Connolly: Journey to the Edge of the World, Piers Morgan On…* and *Martin Clunes: Islands of Britain*. In comedy, *Harry Hill's TV Burp* averaged over 6 million viewers across its eighth series.

Britain's Got Talent aired in the period with its most successful series to date. The series averaged 13.3 million viewers and a 53% audience share. This was up from an average of 10.2 million viewers and a 42% share for the 2008 series. The final peaked with 19.9 million viewers compared to 14.8 million viewers in 2008. This was the highest audience on UK television in over six years excluding sport.

Inevitably there have been some disappointments: Whilst ITV scored considerable success overall with its new drama, in some cases anticipated audience numbers were not achieved. Across all UK channels, including ITV1, ratings for soaps have also come under pressure. Going forward, ITV is confident that significant editorial and scheduling changes now in place across *Coronation Street, Emmerdale* and *The Bill* will ensure ITV's key trio of serial dramas is as strong as possible. As ITV seeks to contain its schedule costs in an uncertain revenue environment, some tough decisions have also been required, with some established shows – such as *Heartbeat* and *The Royal* – not re-commissioned for further runs.

Overall in the first half of the year, four of the top ten programmes across all channels were broadcast on ITV1, including three of the top five. ITV accounted for over 99% of commercial programmes attracting more than 5 million viewers and showed the top rated 325 commercial programmes during the first half of the year.

Live football has continued to perform well on ITV1 with the England vs Andorra World Cup qualifier achieving an audience of 8 million viewers and a 34% share of viewing. Audiences for UEFA Champions League matches have also held up well compared to past seasons, with the final attracting an audience of 8.3 million viewers. ITV's exclusive live terrestrial coverage of the FA Cup has delivered audiences peaking at 6 million.

ITV1 delivered 114.1 billion commercial impacts over the first half of the year, down 5% compared to 2008. With total market impacts growing by 2%, ITV1's share of commercial impacts over the period was 28.4%, representing a 7% decline compared to 2008. However, ITV1 performed better in terms of upmarket audiences, with the volume of impacts for ABC1 viewers falling less than 2% year on year. In addition, ITV was able to recoup the majority of impacts lost on ITV1 via its digital channels. Across the ITV family, adult impacts were down less than 2% over the period with family SOCI at 39.7% (2008: 41.4%).

Digital Channels

ITV's family of digital channels continues to grow ahead of the market in terms of ratings and revenues, despite there being no significant increase in programme investment. Across the first half, ITV's digital channel advertising revenues were held flat, despite significant market decline, and the channels' combined SOCI was up around 7%. ITV2, ITV3 and ITV4 all rank in the top ten non-terrestrial channels based on SOCI, with ITV2 and ITV3 taking first and second positions respectively. In addition ITV2 and ITV3 remain the top performing non-terrestrial channels in Freeview homes.

ITV2

ITV2's SOCI was 4.1% for the period (2008: 3.9%). ITV2's volume of impacts increased by 7%. During the first half of the year, ITV2 overtook terrestrial channel five in the key demographic of 16-34 year old viewers.

Programming highlights during the period included the *Britain's Got More Talent* results show which was the second best ever audience on ITV2 with 2.7 million viewers and an 18% viewing share. The show peaked with 3.3 million viewers, the highest ever peak audience on ITV2. Other shows which performed well included *Katie & Peter Stateside* and *America's Got Talent*.

ITV3

In the first half of 2009 ITV3's SOCI was 3.3% (2008: 3.0%), an increase of 12%. ITV3's volume of impacts increased by 14%. Programme highlights across the period include *Ladies of Letters*, which achieved an audience of 1.3 million viewers, ITV3's best audience ever, *Agatha Christie's Marple* and *A Touch of Frost*.

ITV4

ITV4's SOCI was 1.5% for the period (2008: 1.4%) with its volume of impacts up by 12%. Programme highlights included coverage of the UEFA Cup and UEFA Champions' League Live and drama *Auf Wiedersehen, Pet*.

SDN

ITV confirmed in April 2009 that it would seek to dispose of SDN, its wholly-owned DTT multiplex operator, and that process is ongoing. SDN revenues in the period were £21 million, increasing by 31% year on year. Two new channel contracts have recently come into effect, including a contract for a new tenth channel on the multiplex. The SDN licence has recently been renewed until 2022.

Online

ITV's focus online is on delivering video via itv.com and partnerships, such as its Video on Demand agreements with BT Vision and Virgin Media. Operationally ITV has integrated its core online and broadcasting operations and increasingly seeks to run itv.com alongside its existing broadcasting channels, as another means of delivering ITV video content to consumers and advertisers.

itv.com registered a very strong start to the year in operational terms. Unique users across the first half averaged 8.7 million per month, up 46% on the equivalent period in 2008. Video views increased by over 250% to an average of over 19 million per month. Both unique users and video views peaked in May, with the climax of *Britain's Got Talent*. Across the month, itv.com unique users were 12.8 million with video views reaching 50 million.

itv.com revenues increased by 100% to £10 million, with the majority derived from online video advertising. itv.com video advertising has continued to command a substantial premium in cost per thousand terms, both over online and television advertising rates.

The increase in itv.com revenues offset the decline in ITV Local revenues following its closure as a stand-alone business, and the reduction in Friends Reunited subscription revenues following the relaunch of the reunions site in May 2008. Total Online revenues including these businesses were up 6% at £18 million.

GLOBAL CONTENT

Total Global Content revenues, including internal ITV commissions, were up 4% to £296 million, with external revenues - from UK production outside ITV, international production and international distribution and exploitation - up 13% to £168 million. Operating EBITA before exceptional items was up 3% at £40 million. Whilst there has been some reduction in margin, reflecting the shift of revenues from established UK production to new international commissions, this represents a creditable performance in view of the pressure on Global Content's main customer base of advertising funding broadcasters in the UK and internationally.

ITV Studios - UK

External UK production revenues were up 11% to £31 million (2008: £28 million). Programming successes produced by ITV Studios for other UK channels include *Come Dine with Me* and *Countdown* for Channel 4, *Eggheads*, *University Challenge* and *The Street* for the BBC and *Animal Cops* for Discovery.

Internal ITV revenues fell by 6% to £128 million as ITV reduced its level of original commissions for 2009 and into the 2010 World Cup year. Significant ITV commissions during the period included *Dancing On Ice, Hell's Kitchen, Lewis, Piers Morgan's Real Lives, Billy Connolly: Journey to the Edge of the World* and *The Colour of Money*, together with the returning series including *Coronation Street, Emmerdale, This Morning, The Jeremy Kyle Show* and *Loose Women*. Internal production was positively impacted by new pricing for *Coronation Street* and *Emmerdale*, confirmed in late 2008, which delivered a revenue and profit benefit of £5 million in the half. In the first six months of 2009 ITV Studios made four out of the top ten highest-rating programmes on ITV1 excluding sport (2008: six out of ten).

Resources revenues from the studios and post-production business were £7 million (2008: £9 million), impacted by some decline in UK production activity and the Leeds studio closure.

Further to ITV's investments in independent producers Mammoth Screen and Crackit Productions, ITV took a 25% stake in Carbon Media in January 2009.

ITV Studios - International

International production revenues were up by 36% to £75 million in the first half with particularly strong growth in our US and German businesses, a strong performance from the now integrated Swedish production business, Silverback, and some year on year currency benefit.

In the US, *I'm A Celebrity…Get Me Out of Here!* was broadcast by NBC during June and delivered a strong ratings performance. In Germany, the local version of the same show – *Ich Bin Ein Star* – returned for a fourth series. Swedish and Indian versions of the show will deliver during the second half of the year.

Come Dine With Me remains a highly successful, exportable ITV Studios format. In addition to the UK version for Channel 4, ITV Studios is producing local versions in Germany and Sweden and has sold the format to countries including Croatia, Denmark, France, Hungary and Spain.

ITV Global Entertainment

External sales in our international distribution and exploitation business were down 4% to £55 million. Distribution revenues from sales of TV programming to third party channels increased by 6%, but this was offset by a decline in revenues from co-productions and DVDs. Across the Global Entertainment business as a whole, sales tend to be heavily weighted to the second half of the year.

REGULATION

Over the period, ITV continued to make the case for a significant reduction in its regulatory burden. Having persuaded the Government and regulator to accelerate their scrutiny of these issues, ITV has now secured some significant decisions and a timetable for resolution of key outstanding issues by the end of this year.

In the first half of 2009, Ofcom completed its second review of Public Service Broadcasting. The review confirmed changes to ITV's regional services, including the rationalisation of regional and sub-regional news services and reduced requirements for regional non-news programming. By introducing these changes, ITV will deliver regional savings of £40 million in 2009.

Following the Ofcom PSB review, the Government launched the Digital Britain review, led by Lord Carter, which concluded in June. The final Digital Britain report included plans for "independently funded news consortia", potentially supported by the licence fee, which would take over delivery of ITV regional news from 2013. The Government is consulting on these plans, with a view to introducing three regional pilot schemes from 2010. Two of these pilots would be in ITV plc regions (including Wales) and would potentially imply significant savings ahead of 2013.

The Digital Britain report also recommended that the review of ITV's licence terms should be advanced from 2011. ITV is currently in dialogue with the Department for Culture, Media and Sport and Ofcom over the mechanics and timing for implementing this decision. ITV's licence payments in the first half were £11 million, down 27%.

The Office of Fair Trading ("OFT") completed its review of the Contract Rights Renewal ("CRR") mechanism in May 2009. The Competition Commission is now considering the OFT's conclusions and is expected to report by the end of 2009. In its report to the Competition Commission, the OFT recommended that, even if CRR were to be maintained, the mechanism should be amended to accommodate the potential launch of an ITV1+1 time-shifted channel and an ITV1 HD service.

Following the Competition Commission's ruling that BSkyB must sell their 17.9% stake in ITV plc down to 7.5%, a hearing to consider BSkyB's appeal is scheduled to be held in October 2009, with a decision from the Court of Appeal expected to follow thereafter.

COST SAVINGS

ITV has confirmed that it is seeking to reduce costs by £155 million during 2009 compared to 2008, with a £40 million saving in regional programming costs (described above), a £65 million reduction in network programme costs and £50 million of off-screen savings.

ITV is making good progress in meeting these targets, although savings in programming and off-screen will be weighted to the second half of the year. Over the first half, ITV programming costs were reduced by £42 million year on year. Over the second half, programming costs are expected to be reduced by at least £63 million compared to the same period in 2008. Off-screen around £15 million of the £50 million savings target for 2009 was delivered over the first half, with the balance on course for the second half. The cost of delivering these savings will be around £40 million.

Into 2010, ITV will deliver a further £60 million of savings, with around £20 million coming from programming spend and the remainder from further off-screen efficiency initiatives. With additional costs to the schedule from screening the 2010 World Cup, the underlying reduction in commissioning spend in 2010 will be significant. In 2011, as World Cup costs drop out of the schedule, ITV will deliver a further £70 million saving in its schedule costs.

As a result of this comprehensive cost savings programme ITV announced 600 redundancies in March. At the end of June the total headcount across the company stood at 4,460. This compares to 5,232 staff at the end of 2008 and 5,634 staff twelve months earlier. Going into the merger to create ITV plc in 2004, Granada and Carlton had over 7,000 staff. ITV will continue to make further efficiency savings throughout 2009.

CORPORATE RESPONSIBILITY

ITV continues to seek to meet all its relevant licence obligations and programme requirements, where practicable, in areas such as sub-titling, independent and original production. ITV1 is also subject to licence quotas for news, current affairs, regional news and regional non-news programming, where ITV has a strong record of consistent delivery. In addition, ITV continues to provide public service programming in areas such as arts, children and religion. ITV continues to be the most significant commercial broadcaster investor in the UK creative economy with an investment of £800 million per year in original, high quality UK content. ITV's investment in television content helps support the wider artistic and creative community by providing work for writers, actors, musicians, designers, directors and editors.

A key element of ITV's Corporate Responsibility programme is campaigning on and off-screen. The focus of this campaigning in 2009 is health and activity. Our theme of 'The Feelgood Factor' covers a range of network and regional programming aimed at encouraging people to make a difference to their lifestyles or their communities. Initiatives such as the ITV Feelgood Factor Award, as part of the Daily Mirror Pride of Britain Awards, and 'People's Millions', a campaign in partnership with the Big Lottery Fund, will run through the year and build on the strong links ITV has in all our regions.

OUTLOOK

Television advertising revenue for the third quarter is estimated to be down around 12% year on year for ITV. However revenues in September – which were down 16% for the market in 2008 – are estimated to be down 7% for ITV, slightly ahead of the market. The Company has limited visibility with respect to the market beyond September 2009. However over the full year, ITV expects to continue to outperform the wider television market in share terms.

Although the advertising market is uncertain, we are looking forward to a strong autumn schedule on-screen, with a number of popular returning series, new commissions and major events. Returning favourites include *I'm A Celebrity*, *Harry Hill's TV Burp* and *Benidorm*. New programmes include new dramas *Collision* and *Wuthering Heights* and a new game show, *The Cube*. Again for the 2009/10 season, ITV will offer live FA Cup, UEFA Champions League and England internationals, in the crucial lead in to the 2010 World Cup, which ITV will also be broadcasting.

During the second half of the year, ITV is also introducing some significant changes to strengthen further the performance of key programme brands and the ITV1 schedule as a whole. *The Bill* moves to a single weekly slot at 9 pm on Thursday evenings, with a full editorial revamp to reflect its post-watershed scheduling. *The Bill* will benefit from following a new hour of soaps from 8 pm on Thursdays, with a second episode of *Emmerdale* preceding a new episode of *Coronation Street*. As part of the new contract with UEFA, Champions League football matches move from Tuesdays to Wednesdays. At the weekends *The X Factor* returns and will run from August to December, with exciting scheduling initiatives.

Online, our focus remains on delivering video content via itv.com and partnerships, such as our Video on Demand agreements with Virgin Media and BT Vision. With the intended sale of Friends Reunited and the closure of ITV Local as a stand alone business, plus the Company's focus on delivering significant cost savings, we are increasingly seeking to run itv.com alongside our existing Broadcasting channels, as another means of delivering ITV video content to consumers and advertisers.

In Global Content, we are seeking to continue growth in external revenues, driven by international production, in particular from our US production business, where a number of key commissions have been secured. Whilst commissions from other UK broadcasters have held up well to date, internal ITV production continues to be impacted by a reduction in ITV1 revenues, reflecting a reduced level of commissions for the 2009 schedule and into the 2010 World Cup year.

ITV is progressing the disposal processes for Friends Reunited, SDN and Screenvision US. The proceeds of any sale will serve to reduce the Company's level of net debt.

During the second half of the year, ITV anticipates the Competition Commission completing its review of CRR. The Government is also expected to complete a review of its proposal to introduce "independently-financed news consortia" to assume responsibility over time for providing ITV regional news programming, with a view to introducing funded pilots in two ITV plc regions during 2010.

KEY PERFORMANCE INDICATORS

ITV's Key Performance Indicators (KPIs) are the core measures used by the Company to assess its own performance and allow shareholders and other stakeholders to judge how the business is doing.

ITV's KPI framework seeks to provide stakeholders with a means of assessing ITV's progress towards its corporate objectives and includes a balance of financial and non-financial KPIs.

ITV confirmed in its latest Annual Report that it is reviewing the current KPIs to assess whether they remain appropriate given the greater current emphasis on its core business, on costs and on cash. An update will be provided in the next Annual Report.

Financial KPIs

The financial performance of the Company depends on our ability to deliver sustainable growth in revenues and in profits. This dual focus is reflected in ITV's financial KPIs. Further detail on our performance in these areas is set out in the Operating and Financial Reviews.

Revenues

ITV is targeting revenue growth for the Company as a whole and for television advertising, Global Content and Online. As detailed elsewhere in this report, ITV's television advertising has been impacted by the UK advertising downturn. However, ITV increased its share of the television advertising market over the first half of the year. Online revenues grew strongly over the period, with itv.com revenue up by 100%. Online revenues exclude revenues from Friends Reunited and Enable Media, which have been identified for disposal. Global Content revenues have continued to grow in a tough operating environment, driven by strong growth in external production revenues.

£m	**2009**	2008
Total ITV external revenue	**909**	1,031
ITV plc NAR	**615**	723
Online revenue (excluding businesses identified for disposal)	**10**	5
Global Content revenue (including internal revenue)	**296**	285

Profits

Operating EBITA before exceptional items remains ITV's key profit indicator, reflecting operating profit before amortisation, impairment and operating exceptional items. Adjusted earnings per share relates the profit for the year attributable to equity shareholders before exceptional items, amortisation and impairment of intangible assets, interest and prior period tax adjustments to the Company's share capital and thereby demonstrates underlying value creation per share. The decline in operating EBITA before exceptional items and the decline in adjusted EPS reflect the gearing of ITV's profits to television advertising, which fell significantly in the first half of 2009.

	2009	2008
Operating EBITA before exceptional items (£m)	**46**	121
Adjusted basic (loss) / earnings per share (pence)	**(0.5)**	1.5

Non-financial KPIs

ITV has set out an ambition to be recognised as the UK's favourite source of free entertainment and seeks to be a company where the best people want to work. These goals are reflected in non-financial KPIs applying to audiences and to ITV staff.

Audiences

ITV retains a long-term target that in 2012 its family of channels will continue to command at least 38.5% of all UK TV commercial impacts. ITV1 delivers the majority of ITV's total audience share and maintaining the volume of impacts delivered by the UK's leading commercial channel is imperative. Brand health is based on regular measurement of viewers' association between ITV1 and drivers of television viewing, giving an indication of the potential robustness of ITV1's audience over time. This metric was introduced in the second half of 2008 so no prior year comparative data is available. Growth in itv.com unique users is crucial in terms of delivering advertisers reach online.

	2009	2008
ITV family SOCI (%)	**39.7**	41.4
ITV1 adult impact volume (billion)	**114.1**	119.6
ITV1 brand health	**31%**	N/A
itv.com monthly average unique users (million)	**8.7**	6.0

Staff engagement

ITV's key staff engagement indicator is drawn from the annual survey of all ITV staff and is based on the average proportion of respondents agreeing that they have pride in their work, are proud to work for ITV or speak highly about ITV's services. Indicators based on the latest ITV staff survey will be published in the 2009 Annual Report.

RISKS AND UNCERTAINTIES

The 2008 Annual Report sets out the most significant risk factors relating to ITV's operations in the Company's judgment at the time of that report. ITV does not consider that these principal risks and uncertainties have changed. However additional risks and uncertainties not currently known to ITV, or that ITV does not currently deem material, may also have an adverse effect on its business.

With respect to the risks and uncertainties identified within the Annual Report, ITV currently highlights the following significant developments over the first half of 2009.

In its Annual Report, ITV identified a reduction in television advertising as a material risk for its Broadcasting segment. In 2008 the UK television advertising market declined by 5% year on year. Over the first half of 2009, ITV television advertising revenues were down by 15%. In the third quarter, ITV currently estimates that total ITV advertising revenues will be down by around 12% year on year. Actions taken by the Company to mitigate the effects of the downturn on earnings include a significant cost reduction programme, development of new revenue streams beyond broadcast advertising and a continuing dialogue with the regulator over rapid regulatory reform.

Failure to deliver new online propositions on a business to consumer model has also been identified by ITV as a risk. In January 2009 the Competition Commission blocked the proposed online archive joint venture between ITV, BBC Worldwide and Channel 4, known as "Project Kangaroo". In the light of this decision, ITV is exploring how best to exploit its archive online via itv.com and other means. In March 2009 ITV confirmed that ITV Local would close as a stand-alone business and its intention to seek to dispose of Friends Reunited. ITV is focusing its online strategy on delivery of video content online, via itv.com and partnerships, such as those for Video On Demand with Virgin Media and BT Vision.

Refinancing of maturing debt and bank facilities remains a significant general risk for the Company. To date in 2009, ITV has confirmed further covenant-free financing of £108 million via ten year financing of £50 million and through the issue of £100 million of bonds under its existing 2015 bond programme (resulting in the receipt of £58 million). In June 2009, ITV made an offer to redeem up to 30% of existing bonds due to mature in 2011 in return for exchanging up to 70% into new bonds expiring in 2014. As a result of this exchange process, ITV's next bond repayment is €232 million in October 2011 rather than €500 million. A further €188 million is due in June 2014.

In its Annual Report, ITV identified a gap in pension scheme funding as another general risk for the Company. At the end of 2008, on an IAS 19 basis, the deficit on ITV's defined benefit pension schemes was estimated at £178 million. In early 2009, ITV contributed £30 million in regular deficit funding, in line with an agreement with the Trustees to make annual payments at this level through to 2013. However, due to a decline in asset values and an increase in liabilities, predominantly because of higher assumed inflation, by the end of June 2009, the deficit had increased to an estimated £538 million. ITV has opened a consultation with staff and pensioners over changes to the defined benefit schemes. ITV estimates that, had such proposals been implemented before the end of the first half, the deficit would have been approximately £75 to £100 million lower than the balance sheet level. ITV remains in close dialogue with the pension Trustee and the next triennial valuation is due in 2011.

DISCLAIMER ON FORWARD LOOKING STATEMENTS

This interim report may contain forward-looking statements based on current expectations of, and assumptions and forecasts made by, management. Various known and unknown risks, uncertainties and other factors could lead to substantial differences between actual future results, financial situations, development or performance of the Group and the estimates and historical results given herein. Undue reliance should not be placed on forward looking statements which speak only as of the date of this document. The Group accepts no obligation to publicly revise or update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

FINANCIAL REVIEW

Revenue and EBITA

Total revenue for the six months to 30 June 2009 was down 12% at £909 million (2008: £1,031 million). The decrease in revenue was driven by a decrease in Broadcast revenues of 13% and in 'Other' revenues of 94%, partially offset by an increase in Global Content revenues of 13%.

The Broadcasting segment now includes the results of the previously disclosed Online segment which is now managed as part of the Broadcast business. The six month results to 30 June 2008 have been restated accordingly.

Six months to 30 June	**2009 £m**	2008 £m	Change £m
Broadcasting revenue	**739**	849	(110)
Broadcasting operating EBITA before exceptional items	**6**	81	(75)
Global Content revenue	**168**	149	19
Global Content operating EBITA before exceptional items	**40**	39	1
Other revenue	**2**	33	(31)
Other operating EBITA before exceptional items	**-**	1	(1)
Total revenue	**909**	1,031	(122)
Total operating EBITA before exceptional items	**46**	121	(75)

Note: Operating EBITA is stated before exceptional items, amortisation and impairment of intangible assets.

Broadcasting

Broadcasting revenues comprise NAR, sponsorship income, interactive revenues, online, SDN and other revenues. ITV plc NAR decreased by 15% ahead of the total market, which was down 17%. Overall Broadcasting revenues, restated for 2008 to now include online, declined by 13%.

Six months to 30 June	**2009 £m**	2008 £m	Change £m
ITV1 NAR	**478**	583	(105)
Multichannel NAR	**113**	113	-
GMTV	**24**	27	(3)
ITV plc NAR	**615**	723	(108)
Other Broadcasting revenue	**106**	109	(3)
Online revenue	**18**	17	1
Total Broadcasting revenue	**739**	849	(110)

Broadcasting operating EBITA before exceptional items declined by £75 million to £6 million principally due to decreased NAR, in part offset by schedule cost savings.

Global Content

Six months to 30 June	**2009 £m**	2008 £m	Change £m
UK production	**31**	28	3
Resources	**7**	9	(2)
International production	**75**	55	20
Distribution and exploitation	**55**	57	(2)
Total External revenue	**168**	149	19
ITV Supply	**128**	136	(8)
Total Global Content revenue	**296**	285	11

International production grew strongly by 36%. Including internal revenues, total Global Content revenues were up by 4%. Global Content operating EBITA before exceptional items increased by £1 million to £40 million. Across the period, foreign exchange movements benefited revenues by £14 million and EBITA by £3 million.

Other

Outside the main segments, revenues from Carlton Screen Advertising (CSA) were £2 million (2008: £33 million) representing revenue earned from its remaining contract following the disposal of the majority of this business in 2008.

Operating EBITA before exceptional items

Operating EBITA before exceptional items (and before amortisation and impairment of intangible assets) was down 62% at £46 million (2008: £121 million) principally as a result of the performance of the Broadcast segment.

Operating and non operating exceptional items

The operating exceptional items for the period total £30 million comprising £28 million of reorganisation and restructuring costs relating to the cost efficiency programme and £2 million relating to the closure costs associated with Kangaroo.

Non-operating exceptional items totalling £51 million relate to the loss on disposal of some properties and the impairment of a number of subsidiaries and investments.

Assets held for sale

During the period the Group announced that it is actively marketing for sale its subsidiaries SDN, Friends Reunited and Enable Media. ITV's joint venture Screenvision US is also being actively marketed for sale.

Net Financing Costs

Six months to 30 June	**2009 £m**	2008 £m
Cash related financing costs		
Financing costs directly attributable to bonds	**(41)**	(39)
Other net income	**1**	14
	(40)	(25)
Non-cash related financing costs		
Mark-to-Market on swaps and foreign exchange on bonds	**(9)**	(9)
Imputed pension interest	**(7)**	8
Total adjusted financing costs	**(56)**	(26)
Amortised cost adjustment	**7**	-
Gain on bond exchange	**14**	-
Total net financing costs	**(35)**	(26)

This table shows the cash related financing costs of £40 million and the non cash related financing costs totalling £16 million. The reported net financing cost is £35 million, while the adjusted net financing cost is £56 million. The difference between the reported and adjusted cost relates to the amortised cost adjustment and the gain on the bond exchange. The amortised cost adjustment is the unwind of part of the charge taken at the end of 2008 because the change in ITV's credit rating in 2008 caused a step-up in the coupon rate of some of ITV's bonds. The gain on the bond exchange resulted from ITV's purchase of part of its 2011 bond in June when it was trading below par.

Tax

There is an overall tax credit for the period of £35 million, largely as a result of a £38 million credit in respect of prior period items. The underlying charge for the period of £3 million arises from tax on overseas profits of £2 million and a deferred tax charge of £1 million. It is envisaged that there will similarly be a net tax credit at the year-end, but that in future years the underlying rate will be in the region of 30% to 31%. The tax impact of the movement in the pension scheme deficit has been reflected in the movement from a net deferred tax liability of £55 million to a net deferred tax asset of £54 million at a group level.

Earnings per share

The loss per share in the period is 1.8 pence (2008: loss of 39.6 pence). Adjusted loss per share before amortisation, impairment, amortised cost adjustment, gain on exchange, exceptional items and prior period tax adjustments is 0.5 pence (2008: earnings of 1.5 pence).

Dividend

No interim dividend has been declared (2008: 0.675 pence per share).

Liquidity risk and going concern

In the 2008 Annual Report the group commented that it would be exploring a range of options aimed at strengthening its balance sheet and would continue to take actions to improve liquidity and extend maturities of its debt obligations. These actions included a review of working capital and obtaining additional funding.

Operating cash flow – profit to cash conversion

During the first six months of the year, ITV has commenced an exercise to improve its working capital performance in order to generate more free cash flow from operations. As shown in the table below, ITV has successfully generated a positive working capital inflow of £113 million (2008: £1 million outflow) primarily through reductions in the level of programme rights and other inventory and distribution rights. This project is ongoing and we continue to make improvements.

Six months to 30 June	**2009 £m**	2008 £m
Operating EBITA before exceptional items	46	121
Depreciation	17	18
Decrease / (increase) in programme rights and other inventory and distribution rights	75	(38)
Decrease / (increase) in receivables	35	(13)
Increase in payables	3	50
Working capital movement	113	(1)
Share based compensation	7	5
Acquisition of property, plant and equipment and intangible assets ("capex")	(15)	(26)
Operating cash flow after capex	**168**	117
Cash to profit ratio	**267%**	84%
12 month rolling average	**110%**	87%

Funding

During the six month period the Group has secured additional funding that has been utilised in not only helping it meet its recent debt obligation but also to fund the current portion of the exchange offer that has led to the extension of terms on a significant portion of the bonds from 2011 to 2014.

In February 2009 ITV raised a net £50 million of finance through a £200 million covenant free loan with a maturity of March 2019 secured against the purchase of 4.5% March 2019 gilts with a nominal value of £138 million (for a cost of £150 million). The cost of the £200 million loan is fixed at 8.85% for the first 3 years and a variable rate thereafter, depending in part on the performance of an interest rate algorithm. The total return on the gilts receivable by ITV is 11% of the nominal value. The lender has the option to lend a further £150 million to ITV (without financial covenants) with a maturity of March 2019, also secured against the gilts purchased in February 2009, at a fixed rate of 10.09%. In aggregate the worst case IRR of the financing varies between 18% on the net £50 million (if the lender does not exercise its option to lend a further £150 million) and 12% (if the lender exercises its option to lend the full extra £150 million).

In March 2009 ITV repaid its £250 million Eurobond and drew down a £125 million covenant free loan with a maturity of May 2013 at a variable cost of 12 month libor plus 6.814%. In May 2009 ITV completed a £100 million tap of the existing £325 million October 2015 bond raising net proceeds of £58 million with a yield to maturity of 15.6%.

In June 2009, under the terms of an exchange offer, ITV repaid €81 million (£69 million) of the €500 million October 2011 Eurobond and exchanged at par €188 million of the October 2011 bonds for the issuance at par of new bonds with a maturity of June 2014 and carrying a coupon of 10%. After taking account of cross currency interest rate swaps, ITV's net principal repayments will be €232 million (£140 million) in October 2011 and €188 million (£126 million) in June 2014. In June 2009 the group retired its £450 million revolving credit facility.

These actions have secured additional covenant free financing, but also ensured that the maturity profile of the ITV debt portfolio is spread more evenly across future years. This profile can be seen in Note 12.

Net debt

The principal movements in net debt during the period are shown in the table below:

	£m	£m
Net debt at 1 January 2009		(730)
Cash generated from operations before exceptional items	183	
Exceptional cash outflow	(43)	
Net interest paid	(43)	
Taxation net receipts	17	
Equity dividends paid	(25)	
Expenditure on property, plant, equipment and intangible assets	(15)	
Acquisition of subsidiary undertakings	(50)	
Other movements	9	
		33
Defined benefit pension deficit funding		(31)
Net debt at 30 June 2009		**(728)**

Net cash interest paid on the Group's net debt position was £43 million. Net taxation receipts of £17 million reflect taxation repayments from prior periods. The 2008 interim dividend of £25 million was paid at the start of the period. Expenditure on property, plant, equipment and intangible assets totalled £15 million and acquisition of subsidiary undertakings represents the final earn-out payment relating to Friends Reunited.

Going concern

As a result of the funding activities undertaken and the improvements in working capital, the Group has maintained its current level of net debt during difficult trading conditions and has also improved the liquidity position going forward. The group continues to review forecasts of the television Advertising market to determine the impact on ITV's liquidity position. At 30 June 2009, while the television market continues to present challenges to the Group's liquidity, ITV has taken decisive actions to mitigate this impact. 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 financing.

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

STV

ITV is owed £15 million at 30 June 2009 by stv group plc. stv group plc have recently claimed amounts due to them as an offset to this amount, some of these claims dating back to 1999. ITV have rejected those claims and will pursue recovery of the amounts due vigorously. At this stage no provision is required.

Pensions

The IAS 19 deficit at 30 June 2009 is £538 million (31 December 2008: £178 million). The increase in the deficit is primarily due to the combined effect of the reduction in the value of assets and an increase in liabilities mainly as a result of an increase in the inflation assumption, partially offset by total deficit funding of £31 million made in the period.

Condensed consolidated income statement

For the six months ended 30 June:	Note	2009 £m	2008 £m
Revenue	4	**909**	1,031
Operating costs before amortisation and impairment of intangible assets and exceptional items		**(863)**	(910)
Operating costs – exceptional items	5	**(30)**	(15)
Earnings before interest, tax and amortisation (EBITA)		**16**	106
Amortisation of intangible assets	8	**(31)**	(30)
Impairment of intangible assets		**–**	(1,600)
Total operating costs		**(924)**	(2,555)
Operating loss		**(15)**	(1,524)
Financing income		**138**	107
Financing costs		**(173)**	(133)
Net financing costs		**(35)**	(26)
Share of profit and loss of joint ventures and associated undertakings		**(4)**	(4)
Loss on sale of properties (exceptional items)	5	**(4)**	–
Gain on sale, net of impairment, of subsidiaries and investments (exceptional items)	5	**(47)**	17
Loss before tax		**(105)**	(1,537)
Taxation		**35**	3
Loss for the period		**(70)**	(1,534)

Profit/(loss) attributable to:			
Owners of the company		**(72)**	(1,535)
Minority interests		**2**	1
Loss for the period		**(70)**	(1,534)
Loss per share			
Basic Loss per share	6	**(1.8)p**	(39.6)p
Diluted Loss per share	6	**(1.8)p**	(39.6)p

Condensed consolidated statement of comprehensive income

For the six months ended 30 June:	**2009 £m**	2008 £m
Loss for the period	**(70)**	(1,534)
Other comprehensive income:		
Exchange differences on translation of foreign operations	**1**	3
Movements in respect of cash flow hedges	**(4)**	4
Actuarial losses on defined benefit pension schemes	**(389)**	(147)
Income tax on other comprehensive income	**109**	42
Other comprehensive cost for the period, net of income tax	**(283)**	(98)
Total comprehensive cost for the period	**(353)**	(1,632)
Total comprehensive income/(cost) attributable to:		
Owners of the company	**(355)**	(1,633)
Minority interests	**2**	1
Total comprehensive cost for the year	**(353)**	(1,632)

Condensed consolidated statement of financial position

	Note	30 June 2009 £m	31 December 2008 £m	30 June 2008 £m
Non-current assets				
Property, plant and equipment		**208**	220	204
Intangible assets	8	**919**	1,140	2,262
Investments in joint ventures and associated undertakings	11	**8**	66	81
Available for sale financial assets		**3**	5	9
Held to maturity investments	12	**149**	–	100
Derivative financial instruments		**124**	199	58
Distribution rights		**14**	13	7
Net deferred tax asset		**54**	–	–
		1,479	1,643	2,721
Current assets				
Programme rights and other inventory		**440**	516	477
Trade and other receivables due within one year		**406**	444	415
Trade and other receivables due after more than one year		**6**	10	8
Trade and other receivables		**412**	454	423
Derivative financial instruments		**11**	19	7
Cash and cash equivalents	12	**476**	616	473
Assets held for sale	9	**258**	3	54
		1,597	1,608	1,434
Current liabilities				
Borrowings	12	**(11)**	(259)	(257)
Derivative financial instruments		**(4)**	(7)	(6)
Trade and other payables due within one year		**(657)**	(748)	(767)
Trade and other payables due after more than one year		**(16)**	(26)	(15)
Trade and other payables		**(673)**	(774)	(782)
Current tax liabilities		**(38)**	(56)	(209)
Provisions	14	**(45)**	(43)	(28)
Liabilities held for sale	9	**(11)**	–	–
		(782)	(1,139)	(1,282)
Net current assets		**815**	469	152
Non-current liabilities				
Borrowings	12	**(1,499)**	(1,264)	(1,038)
Derivative financial instruments		**(22)**	(25)	(9)
Defined benefit pension deficit	13	**(538)**	(178)	(221)
Net deferred tax liability		**–**	(55)	(41)
Other payables		**(16)**	(15)	(15)
Provisions	14	**(33)**	(41)	(3)
		(2,108)	(1,578)	(1,327)
Net assets		**186**	534	1,546
Attributable to equity shareholders of the parent company				
Share capital		**389**	389	389
Share premium		**120**	120	120
Merger and other reserves		**273**	273	1,102
Translation reserve		**21**	24	11
Available for sale reserve		**6**	6	4
Retained losses		**(631)**	(286)	(87)
Total attributable to equity shareholders of the parent company		**178**	526	1,539
Minority interest		**8**	8	7
Total equity		**186**	534	1,546

Ian Griffiths
Group Finance Director

Condensed consolidated statement of changes in equity

For the six months ended 30 June:	Attributable to equity shareholders of the parent company								
	Share capital £m	Share premium £m	Merger and other reserves £m	Translation reserve £m	Available for sale reserve £m	Retained earnings £m	**Total £m**	Minority interest £m	**Total equity £m**
Balance at 1 January 2009	389	120	273	24	6	(286)	526	8	534
Total comprehensive (cost)/ income for the period									
(Loss)/Profit	–	–	–	–	–	(72)	(72)	2	(70)
Other comprehensive (cost)/ income									
Exchange differences on translation of foreign operations	–	–	–	1	–	–	1	–	1
Movements in cash flow hedges	–	–	–	(4)	–	–	(4)	–	(4)
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	(389)	(389)	–	(389)
Income tax on other comprehensive income	–	–	–	–	–	109	109	–	109
Total other comprehensive costs	–	–	–	(3)	–	(280)	(283)	–	(283)
Total comprehensive (costs)/income for the period	–	–	–	(3)	–	(352)	(355)	2	(353)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Equity dividends	–	–	–	–	–	–	–	(2)	(2)
Movements due to share-based compensation	–	–	–	–	–	7	7	–	7
Total contributions by and distributions to owners	–	–	–	–	–	7	7	(2)	5
Total transactions with owners	–	–	–	–	–	7	7	(2)	5
Balance at 30 June 2009	**389**	**120**	**273**	**21**	**6**	**(631)**	**178**	**8**	**186**

For the six months ended 30 June:	Attributable to equity shareholders of the parent company								
	Share capital £m	Share premium £m	Merger and other reserves £m	Translation reserve £m	Available for sale reserve £m	Retained earnings £m	**Total £m**	Minority interest £m	**Total equity £m**
Balance at 1 January 2008	389	120	2,702	4	4	14	3,233	6	3,239
Total comprehensive (cost)/ income for the period									
(Loss)/Profit	–	–	–	–	–	(1,535)	(1,535)	1	(1,534)
Other comprehensive (cost)/ income									
Exchange differences on translation of foreign operations	–	–	–	3	–	–	3	–	3
Movements in cash flow hedges	–	–	–	4	–	–	4	–	4
Actuarial losses on defined benefit pension schemes	–	–	–	–	–	(147)	(147)	–	(147)
Income tax on other comprehensive income	–	–	–	–	–	42	42	–	42
Transfer from merger reserve	–	–	(1,600)	–	–	1,600	–	–	–
Total other comprehensive (costs)/income	–	–	(1,600)	7	–	1,495	(98)	–	(98)
Total comprehensive (costs)/income for the period	–	–	(1,600)	7	–	(40)	(1,633)	1	(1,632)
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Equity dividends	–	–	–	–	–	(70)	(70)	–	(70)
Movements due to share-based compensation	–	–	–	–	–	9	9	–	9
Total contributions by and distributions to owners	–	–	–	–	–	(61)	(61)	–	(61)
Total transactions with owners	–	–	–	–	–	(61)	(61)	–	(61)
Balance at 30 June 2008	**389**	**120**	**1,102**	**11**	**4**	**(87)**	**1,539**	**7**	**1,546**

Condensed statement of consolidated cash flows

For the six months ended 30 June:	£m	2009 £m	£m	2008 £m
Cash flows from operating activities				
Operating profit/(loss) before exceptional items	**15**		(1,509)	
Depreciation of property, plant and equipment	**17**		18	
Amortisation and impairment of intangible assets	**31**		1,630	
Share based compensation	**7**		5	
Decrease/(increase) in programme rights and other inventory, and distribution rights	**75**		(38)	
Decrease/(increase) in receivables	**35**		(13)	
Increase in payables	**3**		50	
Movement in working capital	**113**		(1)	
Cash generated from operations before exceptional items		**183**		143
Cash flow relating to operating exceptional items:				
Operating loss	**(30)**		(15)	
Decrease in payables and provisions	**(13)**		(6)	
Cash outflow from exceptional items		**(43)**		(21)
Cash generated from operations		140		122
Defined benefit pension deficit funding	**(31)**		(30)	
Interest received	**18**		30	
Interest paid on bank and other loans	**(59)**		(64)	
Interest paid on finance leases	**(2)**		(2)	
Net taxation received	**17**		13	
		(57)		(53)
Net cash inflow from operating activities		**83**		69
Cash flows from investing activities				
Acquisition of subsidiary undertakings, net of cash and cash equivalents acquired and debt repaid on acquisition	**(50)**		(5)	
Proceeds from sale of assets held for sale	–		25	
Acquisition of property, plant and equipment	**(9)**		(13)	
Acquisition of intangible assets	**(6)**		(13)	
Acquisition of associates and investments	**–**		(1)	
Loans granted to associates and joint ventures	**(3)**		(12)	
Loans repaid by associates and joint ventures	**2**		7	
Proceeds from sale of subsidiaries	**1**		–	
Net cash outflow from investing activities		**(65)**		(12)
Cash flows from financing activities				
Bank and other loans – amounts repaid	**(318)**		(24)	
Bank and other loans – amounts raised	**384**		–	
Capital element of finance lease payments	**(3)**		(4)	
Dividends paid to minority interest	**(2)**		–	
Repayment of loan by employee benefit trust	**–**		2	
Purchase of own shares via employee benefit trust	**(2)**		–	
Purchase of held to maturity investments	**(150)**		–	
Equity dividends paid	**(25)**		(55)	
Net cash outflow from financing activities		**(116)**		(81)
Net decrease in cash and cash equivalents		**(98)**		(24)
Cash and cash equivalents at 1 January		**616**		498
Effects of exchange rate changes and fair value movements on cash and cash equivalents		**–**		(1)
Less: cash related to disposal group (note 10)		**(42)**		–
Cash and cash equivalents at 30 June		**476**		473

Notes to the accounts

1 Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2009 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, "Interim financial reporting" as adopted by the European Union. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which were prepared in accordance with IFRS as adopted by the European Union.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates. Except as described below, in preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2008.

For the purposes of interim reporting the defined benefit pension schemes' key assumptions and asset values have been reviewed to assess whether material net actuarial gains and losses have occurred during the period (see note 13). As there have been material movements in the key underlying assumptions and asset values during the period a formal revaluation has been carried out and actuarial gains and losses have been recognised through the statement of comprehensive income. A full valuation will take place at 31 December 2009 in accordance with IAS 19.

During the six months ended 30 June 2009, management also reassessed its estimates in respect of the recoverable amount of goodwill (see note 8) and provisions (see note 14).

The comparative figures for the financial year ended 31 December 2008 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2 Accounting policies

Except as described below, the accounting policies applied and the methods of computation are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

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

Application of new EU endorsed accounting standards, amendments to existing EU endorsed standards and interpretations		
New standards, amendments and interpretations endorsed by the EU and effective in 2009		
Relevant to the Group's results		
IAS 1	Amendments to IAS 1 Presentation of Financial Statements - A revised presentation.	The Group has presented both a consolidated statement of comprehensive income and a consolidated statement of changes in equity as financial statements. The consolidated statement of comprehensive income effectively replaces the current consolidated statement of recognised income and expense (SORIE). As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, where as all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects there is no impact on loss per share. This represents a change from the requirement to present only one financial statement: a SORIE or a statement of all changes in equity.
IFRS 2	Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations.	The definition of vesting conditions in IFRS 2 has been amended to clarify that vesting conditions are limited to service conditions and performance conditions. Conditions other than service or performance conditions are considered non-vesting conditions. This has had no material impact on the Groups results.

3 Seasonality and cyclicality

Revenues are impacted by underlying economic conditions and the cyclical demand for advertising and seasonality of programme sales. Major events, including sporting events, will impact the seasonality of schedule costs. Other than this, there is no significant seasonality or cyclicality affecting the interim results of the operations.

4 Operating segmental information

The Management Committee considers the business primarily from a product perspective. The reportable segments are therefore Broadcasting, Global Content and Other. All of the segments reported meet the quantitative thresholds required by IFRS 8, which the Group first adopted in 2007. Management has determined the reportable segments based on the reports reviewed by the Management Committee. The Management Committee comprises the executive directors.

The Broadcasting segment now includes the results of the previously disclosed Online segment which is now managed as part of the Broadcast business. Comparatives have been restated as a result of this change.

	Broadcasting		Global Content		Other		Consolidated	
	2009 £m	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m	**2009 £m**	2008 £m
Total segment revenue	**739**	853	**296**	285	**2**	33	**1,037**	1,171
Intersegment revenue	**–**	(4)	**(128)**	(136)	**–**	–	**(128)**	(140)
Revenue from external customers	**739**	849	**168**	149	**2**	33	**909**	1,031
Operating EBITA before exceptional items	**6**	81	**40**	39	**–**	1	**46**	121

There is no material change in segment assets from the information disclosed in the 2008 Annual Report.

A reconciliation of operating EBITA before exceptional items to loss before tax is provided as follows:

For the six months ended 30 June:	**2009 £m**	2008 £m
Operating EBITA before exceptional items	**46**	121
Operating exceptional items	**(30)**	(15)
Amortisation and impairment of intangible assets	**(31)**	(1,630)
Net financing costs	**(35)**	(26)
Share of losses of joint ventures and associated undertakings	**(4)**	(4)
Loss on sale of properties (exceptional items)	**(4)**	–
Gain on sale, net of impairment, of subsidiaries and investments (exceptional items)	**(47)**	17
Loss before tax	**(105)**	(1,537)

5 Exceptional items

For the six months ended 30 June:	**2009 £m**	2008 £m
Operating exceptional items:		
Reorganisation and restructuring costs	**(28)**	(9)
PRS reimbursements and fines	–	(6)
Kangaroo	**(2)**	–
	(30)	(15)
Non-operating exceptional items:		
Loss on sale of properties	**(4)**	–
Gain on sale, net of impairment, of subsidiaries and investments	**(47)**	17
	(51)	17
Total exceptional items before tax	**(81)**	2

In the period a charge of £28 million was incurred in respect of reorganisation and restructuring costs in relation to the cost efficiency programmes. Gain on sale, net of impairment, of subsidiaries and investments primarily includes an impairment loss of £37 million on the remeasurement of disposal groups to the lower of their carrying amount and fair value less costs to sell, impairments of joint venture and associated undertakings of £8 million and a profit on disposal of £1 million on the sale of JFMG Limited.

6 Earnings per share

For the six months ended 30 June:	2009		2008	
	Basic £m	**Diluted £m**	Basic £m	Diluted £m
Loss for the year attributable to equity shareholders of the parent company	**(72)**	**(72)**	(1,535)	(1,535)
Exceptional items (including related tax effect of £nil, 2008: £3 million)	**81**	**81**	(5)	(5)
Profit/(loss) for the year before exceptional items	**9**	**9**	(1,540)	(1,540)
Amortisation and impairment of intangible assets (including related tax effect of £6 million, 2008: £9 million)	**25**	**25**	1,621	1,621
IAS 39 credit in respect of amortised cost adjustment	**(7)**	**(7)**	–	–
Gain on bond exchange	**(14)**	**(14)**	–	–
Prior period tax adjustments	**(38)**	**(38)**	(24)	(24)
Other tax adjustments	**6**	**6**	–	–
(Loss)/profit for the year before exceptional items, amortisation and impairment of intangible assets, amortised cost adjustment and prior period tax adjustments	**(19)**	**(19)**	57	57
Weighted average number of ordinary shares in issue – million	**3,885**	**3,885**	3,876	3,876
Dilution impact of share options – million	**–**	**8**	–	10
	3,885	**3,893**	3,876	3,886
Loss per ordinary share	**(1.8)p**	**(1.8)p**	(39.6)p	(39.6)p
Adjusted earnings per ordinary share				
Loss per ordinary share	**(1.8)p**	**(1.8)p**	(39.6)p	(39.6)p
Loss/(earnings) per ordinary share on exceptional items	**2.1p**	**2.1p**	(0.1)p	(0.1)p
Earnings /(loss) per ordinary share before exceptional items	**0.3p**	**0.3p**	(39.7)p	(39.7)p
Loss per ordinary share on amortisation and impairment of intangible assets	**0.6p**	**0.6p**	41.8p	41.8p
Earnings per ordinary share of IAS 39 credit in respect of amortised cost adjustment	**(0.2)p**	**(0.2)p**	–	–
Earnings per ordinary share on gain on bond exchange	**(0.4)p**	**(0.4)p**	–	–
Earnings per ordinary share on prior period tax adjustments	**(1.0)p**	**(1.0)p**	(0.6)p	(0.6)p
Loss per ordinary share on other tax adjustments	**0.2p**	**0.2p**	–	–
Adjusted (loss)/earnings per ordinary share for the period	**(0.5)p**	**(0.5)p**	1.5p	1.5p

An adjusted (loss)/earnings per share figure has been disclosed because in the view of the directors this gives a fairer reflection of the results of the underlying business.

7 Dividends

Dividends are recognised in equity during the period in which they are declared. Dividends recognised in equity for the six months ended 30 June 2009 total £nil (six months ended 30 June 2008: £70 million). The Company has not declared a dividend in respect of the six months ended 30 June 2009.

8 Intangible assets

	Goodwill £m	Brands £m	Customer contracts and relationships £m	Licences £m	Software development £m	Film libraries and other £m	Total £m
Cost							
At 1 January 2009	**3,484**	**200**	**338**	**121**	**46**	**84**	**4,273**
Purchase of brands and internal development	–	–	–	–	6	–	6
Disposals	–	–	–	–	(1)	–	(1)
Transfer to disposal group	(195)	(27)	(19)	(73)	–	(3)	(317)
At 30 June 2009	**3,289**	**173**	**319**	**48**	**51**	**81**	**3,961**
Amortisation and impairment							
At 1 January 2009	**2,735**	**86**	**234**	**38**	**9**	**31**	**3,133**
Charge for the period	–	9	10	3	7	2	31
Transfer to disposal group	(81)	(9)	(13)	(17)	–	(2)	(122)
At 30 June 2009	**2,654**	**86**	**231**	**24**	**16**	**31**	**3,042**
Net book value							
At 30 June 2009	**635**	**87**	**88**	**24**	**35**	**50**	**919**
At 31 December 2008	**749**	**114**	**104**	**83**	**37**	**53**	**1,140**

8 Intangible assets (continued)

Impairment tests for cash-generating units containing goodwill

Impairment tests are carried out annually, or when indicators show that assets may be impaired. At 30 June 2009 there were no indicators of impairment for any of the CGUs.

The recoverable amount of each CGU is based on value in use calculations. These calculations require the use of estimates and use pre-tax cash flow projections based on the Group's current five-year plan. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 2%–2.5% depending on the CGU and are appropriate because these are long-term businesses. The growth rates used are consistent with the long-term average growth rates for the industry.

The main assumptions on which the forecast cash flows were based include television's share of the UK advertising market, ITV's share of commercial impacts and programme costs. The key assumptions in assessing the recoverable amount of goodwill are the growth in the total television advertising market and ITV's share within that market. These assumptions have been determined by using a combination of long term trends, industry projections and in-house estimates.

A pre-tax discount rate of 13.2% has been used in discounting the projected cashflows. The pre-tax discount rate used in the previous year was 11.9%. The discount rate has been revised to reflect the latest market assumptions for the Risk Free-rate and Equity Risk Premium and also to take into account the net cost of debt. Management believe that there is currently no reasonably possible change in discount rate which would reduce the headroom in any CGU to zero.

The SDN and elements of Online goodwill associated with the disposal groups has been transferred from intangible assets to assets held for sale (notes 9 and 10).

The following units have significant carrying amounts of goodwill:

	30 June 2009 £m	31 December 2008 £m
Broadcasting	**265**	265
GMTV	**33**	33
SDN	**–**	76
Global Content	**307**	307
Online	**30**	68
	635	749

2008

An impairment charge of £1,600 million arose in the Broadcasting CGU during the course of the first half of 2008, resulting from the carrying value of the CGU being written down to its recoverable amount. The impairment charge arose as a result of the downturn in the short term outlook for the TV advertising market which is an area highly exposed to economic cycles.

9 Assets held for sale

	30 June 2009 £m
Property, plant and equipment	**3**
Investment in joint ventures	**47**
Disposal group assets (note 10)	**208**
Assets held for sale	**258**

	30 June 2009 £m
Disposal group liabilities (note 10)	**11**
Liabilities held for sale	**11**

The Group is actively marketing its 50% interest in Screenvision US (Technicolor Cinema Advertising LLC) and as such has classified this joint venture investment as an asset held for sale carried at £47 million. The investment being sold is not core to the Group's main activities and is disclosed in the Other segment (note 4). Property continues to be held for sale carried at £3 million.

10 Disposal group

The disposal group consists of the non-core businesses of Friends Reunited, Enable Media and SDN. Efforts to sell the disposal groups have commenced and are anticipated to be completed during the remainder of 2009.

The Friends Reunited social networking business and the Enable Media online advertising business, both within the Broadcasting segment, are presented as held for sale following the commitment of the Group's management to actively market these in March 2009.

The SDN transmission business, within the Broadcasting segment is presented as held for sale following the commitment of the Group's management to actively market it in April 2009.

At 30 June 2009 the disposal group comprised assets of £208 million less liabilities of £11 million.

An impairment loss of £37 million on the remeasurement of the disposal groups to the lower of their carrying amounts and fair value less costs to sell have been recognised in non-operating exceptionals (see note 5).

10 Disposal group (continued)

	30 June 2009 £m
Property, plant and equipment	**1**
Intangible assets	**158**
Trade and other receivables due within one year	**7**
Cash and cash equivalents	**42**
Disposal group assets	**208**

	30 June 2009 £m
Trade and other payables due within one year	**11**
Disposal group liabilities	**11**

11 Investments in joint ventures and associated undertakings

	Joint ventures £m	Associated undertakings £m	Total £m
At 1 January 2009	50	16	66
Additions	2	1	3
Share of attributable profits and losses	(4)	–	(4)
Repayment of loans	–	(2)	(2)
Transfer to assets held for sale	(47)	–	(47)
Impairment	(1)	(7)	(8)
At 30 June 2009	**–**	**8**	**8**

The £2 million of additions to joint ventures during the period relate to further loans of £2 million to Freesat.

The £4 million of losses of joint ventures includes £3 million for Screenvision US and £1 million for Freesat. Of the share of attributable losses of joint ventures, £3 million was allocated to assets held for sale in line with their balance sheet classification.

The £47 million transfer to assets held for sale relates to the carrying value of the joint venture investment in Screenvision US now held for sale (see note 9). The joint venture investment in Freesat has been impaired by £1 million during the period.

Loan repayments from associated undertakings of £2 million have been received in the period from ITN. The investment in ITN has also been impaired by £7 million during the period.

12 Analysis of net debt

	1 January 2009 £m	Net cash flow and acquisitions £m	Currency and non-cash movements £m	30 June 2009 £m
Cash	503	(93)	(42)	**368**
Cash equivalents	113	(5)	–	**108**
Cash and cash equivalents	616	(98)	(42)	**476**
Cash held within disposal group (see note 10)	–	–	42	**42**
Held to maturity investments	–	150	(1)	**149**
Loans and loan notes due within one year	(252)	249	–	**(3)**
Finance leases due within one year	(7)	2	(3)	**(8)**
Loans and loan notes due after one year	(1,192)	(315)	77	**(1,430)**
Finance leases due after one year	(72)	–	3	**(69)**
	(1,523)	(64)	77	**(1,510)**
Swaps held against €232 million 2011 and €188 million 2014 bonds	147	–	(55)	**92**
Amortised cost adjustment	30	–	(7)	**23**
Net debt	(730)	(12)	14	**(728)**

12 Analysis of net debt (continued)

Held to maturity investments comprises the purchase in February 2009 of £138 million nominal value 4.5% March 2019 gilts. The gilts will be written down to their nominal value over their life and are secured against a drawing of £200 million under a covenant free loan facility with the same maturity.

The movement in loans and loan notes due within one year primarily comprise the repayment in March 2009 of the £250 million Eurobond.

Loans and loan notes due after one year were increased in February 2009 by drawing down the £200 million loan with a maturity of March 2019 secured against the gilts noted above, drawing down a £125 million covenant free loan in March 2009 with a maturity of May 2013 and completing in May 2009 a £100 million tap of the existing £325 million October 2015 bond raising net proceeds of £58 million. In June 2009 ITV repaid €81 million (£69 million) of the €500 million October 2011 Eurobond under the terms of an exchange offer. These activities all resulted in a net cash inflow of £315 million. Currency and non-cash movements of £77 million mainly comprise a currency gain of £55 million and a gain on consolidation under the exchange offer of £14 million.

Cross currency interest rate swaps held against the €500 million Eurobond declined in value by £55 million due to Sterling strengthening against the Euro since 31 December 2008. This loss matches the currency gain on retranslating the Euro denominated bonds.

Included within cash equivalents is £64 million (31 December 2008: £67 million) the use of which is restricted to meeting finance lease commitments under programme sale and leaseback commitments and gilts of £33 million (31 December 2008: £33 million) over which the unfunded pension promises have a charge.

Loans and loan notes

	Maturity	Basis of measurement	Book value 30 June 2009 £m	Book value 31 December 2008 £m	Fair value 30 June 2009 £m	Fair value 31 December 2008 £m
£250 million Eurobond	Mar 09	Fair value	**–**	250	**–**	250
€500 million Eurobond *	Oct 11	Amortised cost	**–**	493	**–**	391
€232 million Eurobond *	Oct 11	Amortised cost	**200**	–	**183**	–
£110 million Eurobond	Mar 13	Amortised cost	**110**	110	**110**	110
£125 million Loan	May 13	Amortised cost	**125**	–	**125**	–
€188 million Eurobond *	Jun 14	Amortised cost	**149**	–	**146**	–
£325 million Eurobond	Oct 15	Amortised cost	**323**	323	**241**	211
£100 million Eurobond	Oct 15	Amortised cost	**59**	–	**74**	–
£250 million Eurobond	Jan 17	Amortised cost	**264**	266	**198**	163
£200 million Loan	Mar 19	Amortised cost	**200**	–	**200**	–
Other loans		Amortised cost	**3**	2	**3**	2
			1,433	1,444	**1,280**	1,127

***** In June 2009, under the terms of an exchange offer, ITV repaid €81 million (£69 million) of the €500 million October 2011 Eurobond and exchanged at par €188 million of the October 2011 bonds for the issuance at par of new bonds with a maturity of June 2014 and carrying a coupon of 10%. After taking account of cross currency interest rate swaps, ITV's net principal repayments will be €232 million (£140 million) in October 2011 and €188 million (£126 million) in June 2014.

13 Pension schemes

The IAS 19 deficit at 30 June 2009 is £538 million compared with a deficit of £178 million at 31 December 2008. The increase in the deficit reflects falls experienced in equity and bond markets, an increase in the market expectation of long-term inflation from 2.8% to 3.4% and a decrease in the discount rate from 6.3% to 6.2%. These movements were partially offset by deficit funding of £31 million during the period.

14 Provisions

	Contract provisions £m	Restructuring provisions £m	Other provisions £m	Total £m
At 1 January 2009	47	16	21	84
Additions in the period	–	13	–	13
Utilised in the period	(6)	(12)	(1)	(19)
At 30 June 2009	**41**	**17**	**20**	**78**

Of the provisions £45 million (31 December 2008: £43 million) are shown within current liabilities.

Included within Contract provisions of £41 million are £40 million for onerous sports rights commitments and £1 million for closure costs at CSA.

Restructuring provisions of £17 million are in respect of regional news and cost efficiency programmes.

Contained within Other provisions is a Boxclever provision of £15 million relating to potential liabilities that may arise as a result of Boxclever having been placed into administration, most of which relate to pension arrangements. Also with Other provisions are property provisions of £2 million in respect of various vacant properties; utilisation will be over the life of these leases.

15 Contingent liabilities

ITV is owed £15 million at 30 June 2009 by stv group plc. stv group plc have recently claimed amounts due to them as an offset to this amount, some of these claims dating back to 1999. ITV have rejected those claims and will pursue recovery of the amounts due vigorously. At this stage no provision is required.

16 Related party transactions

The nature of related parties disclosed in the consolidated financial statements for the Group as at and for the year ended 31 December 2008 has not changed. During the six months to 30 June 2009, purchases of £22 million were made from joint ventures and associated undertakings. These transactions arose in the normal course of business on an arm's length basis. There have been no other significant related party transactions in the six month period ended 30 June 2009.

Copies of this report are available on the Company's website, www.itvplc.com , and in hard copy from the Company Secretary, ITV plc, 200 Gray's Inn Road, London WC1X 8HF. Tel: 020 7156 7300.

Responsibility statement of the directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;

- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of ITV plc are listed in the ITV plc 2008 Annual Report. A list of current directors is maintained on the ITV plc website: www.itvplc.com.

For and on behalf of the Board:

Andrew Garard
Company Secretary
6 August 2009

Independent Review Report to ITV plc

Introduction

We have been engaged by the company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2009 which comprises the Condensed consolidated income statement, Condensed consolidated statement of comprehensive income, the Condensed consolidated statement of financial position, the Condensed consolidated statement of changes in equity, the Condensed statement of consolidated cashflows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual consolidated financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the EU.

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2009 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Richard Bawden
for and on behalf of KPMG Audit Plc
Chartered Accountants
PO Box 695
8 Salisbury Square
London EC4Y 8BB

6 August 2009