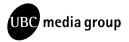
UBC Media Group plc

Annual Report and Accounts 2008



I believe UBC has reached a watershed in its development and the next few months will see profound changes to the Group and its operations. A number of factors have combined to make this so; some of these are particular to UBC, whilst others reflect issues affecting the wider commercial radio industry. I set out below how I believe these changes will impact on the Group and also the Board's strategy for the future.

Firstly, however, I am pleased to report that in the year to 31 March 2008 UBC performed well, with revenues for the Group up 17.3% at £15.54 million (2007: £13.25 million). As a result of writing off the costs relating to the Group's investment in Cliq, the Group reported a loss after taxation from continuing operations in the year of -£2.98 million (2007: -£0.86 million).

Shareholders will be aware the Group's Commercial Networking division has in recent years been one of the main engines of growth for the Group. Last year it continued to grow its share of radio advertising, despite tough market conditions for much of the year and the entry of a major new competitor in its main market. Since the year-end UBC has received an offer from Global Traffic Network to acquire the Commercial Networking division for an initial consideration of £11 million paid on completion of the transaction, with provisions for an earn-out which has the potential to deliver additional payments of up to £5.5 million depending upon the Commercial Division achieving certain turnover targets in the 12 months following the sale. The sale is conditional amongst other things upon completion of due diligence, negotiation of a mutually acceptable share purchase agreement and the consent of UBC's shareholders.

In December 2007 UBC launched Cliq – the Group's innovative music downloading service. Initially the service was available only as a mobile phone service. The early consumer response was disappointing and it is clear that the market for downloaded music is still evolving. The directors also recognised that Cliq would continue to require significant levels of investment for the next two to three years. In June 2008 the Board took the decision to cease operating the mobile phone version of the Cliq service. UBC owns the intellectual property developed in connection with

the service, which will instead be made available as a business solution to digital radio manufacturers. This is clearly a disappointing outcome, but the Board believes that the decision to stop the current high levels of investment required by Cliq as a consumer service is in the best interests of shareholders.

On behalf of my fellow directors, I would like to pay tribute to all the staff at UBC for their hard work and commitment during what has been a challenging and difficult period for the Group.

Should the sale of the Commercial Networking division go ahead, the Group will be significantly different. As a result, UBC will comprise the Group's Programme Production and Data and Interactive divisions and the Group's investments in a number of national and regional DAB multiplex operators. It is expected that, after settling various liabilities, the Group will also hold a significant cash position. The Board has decided to initiate a strategic review of the Group's options in the event of the successful conclusion of the sale of the Commercial Networking division. No decisions have as yet been taken on the Board's preferred strategy and, in the meantime, it is the Board's intention to continue to operate the Group's businesses with a view to maximising shareholder value.

In common with the rest of the commercial radio sector, the Group's Commercial Networking division experienced a challenging first quarter. The rest of the Group's operations performed inline with expectations. Despite the current testing trading conditions in the advertising market-place, the Board believes the Group remains a strong business with good prospects for the future.

John Hodson

92 Hodson

Chairman

Chief Executive's Review

Our core businesses have had a successful year. With no borrowings and a stronger cash position than a year ago, we are very well positioned to deal with what will undoubtedly be a challenging year ahead in the media industry.

We have closed loss-making services, including the digital station Oneword and, since the year-end, the mobile phone version of our Cliq interactive operation, retaining the technology for use in digital radios. The media landscape is changing fast and we are changing with it, choosing to focus our resources on the areas where we will see most return in the short to medium term.

Our production companies continue to enjoy market leadership and a robust business model of commissioned programming which is not exposed to the advertising market. Our pipeline of programming has never been stronger, with the commercial radio company Guardian Media Group announcing commissions from both our production companies and Channel 4 due to commence radio programme commissioning.

Having written-off the investment made in the creation of Cliq, we now own important technologies and patents which we expect to become valuable as the radio industry moves to create revenues directly from its listeners.

UBC has long been a leader in the development of interactive and data applications and the Group's software business, Unique Interactive, has grown from start-up six years ago to be a profitable company with customers on three continents for its digital radio software. This year has been marked by the development of important new products for our major US customers.

With a strong cash balance and a tightly focused group of businesses delivering services to the radio industry, we believe we have repositioned the Group correctly for the future.

Commercial Networking

Despite the difficulties faced by the wider radio advertising market, UBC's Commercial Networking division performed strongly, reporting record revenues in the year up 28.3% at $\mathfrak{L}11.53$ million (2007: $\mathfrak{L}8.99$ million). The strength of the Group's syndicated airtime sales business reflects the growing value of networked programming to the commercial radio sector, and in particular the dominant position of UBC's Network Drive service and continuing growth in the number of radio groups carrying our Sky Radio News service. During the year the division faced tough competition from a new entrant to the UK networked programming market, which it met robustly. Since the year-end UBC has received an offer from this company, Global Traffic Network, to acquire UBC's Commercial Networking business for an immediate sum of $\mathfrak{L}11$ million in cash plus an earn-out over the next twelve months. The offer is subject, *inter alia*, to the consent of UBC's shareholders.

Programme Production

Revenues from UBC's Programme Production division were steady in the year to 31 March 2008 at \$3.30 million (2007: \$3.37 million). UBC's Programme Production division, which comprises the audio production businesses, Unique and Smooth Operations, continues to be one of the largest suppliers of radio programming to the BBC, producing over 800 hours of programming for the BBC in the year to March 2008.

Both Unique and Smooth Operations have responded positively to continuing cuts in the BBC's commissioning budget and both businesses have actively sought to grow their non-BBC business. In the case of Unique, non-BBC commissions now represent 25% of its revenues. Unique was prominent in the first commercial radio commissions from the newly-formed Channel 4 Radio division. Most significantly, both companies were the

beneficiaries of the first commissions from the commercial radio company, Guardian Media Group, which has allocated a budget of £1 million this year to fund new programming from independent producers.

Data and Interactive

As shareholders will be aware, for the last two years UBC has invested significant amounts in developing an innovative music downloading service. Our expectation was that a number of leading manufacturers of DAB digital radios were planning to launch a new generation of DAB digital radios capable of operating UBC's music downloading service. However, continuing delays prompted UBC in December 2007 to launch an interim version of the service which could be installed as an application on mobile telephones. Unfortunately, the consumer take-up of this early version of the service was disappointing and we faced greater than expected technical difficulties. Moreover, in recent months it has also become clear that the revenue models for music downloading services are still evolving, including some of the core financial assumptions on which our service was based.

In light of the poor consumer take-up and uncertainty over the future financial prospects of the business, in June 2008 the Board took the difficult decision to cease the mobile phone version of the service, as it was felt it could no longer justify the continuing high levels of investment required.

UBC owns all the intellectual property generated as a result of the development of this new technology. The Board has decided that rather than operate a service directly to consumers, it intends to concentrate on providing the technology as a business-to-business solution to manufacturers of devices. UBC is unlikely to generate significant revenues from its music downloading technology in the near future. However, with no ongoing investment now required, the Board is hopeful that shareholders will in the future see a return on the investment that has been made to date.

In the year to 31 March 2008 UBC's Data and Interactive division reported revenues down 23.3% to $\mathfrak{L}0.69$ million (2007: $\mathfrak{L}0.90$ million). This performance reflects in part a decision to focus the Group's digital software business on delivering a smaller number of higher value contracts in overseas markets. The Board's strategy acknowledges that in the current trading environment the UK commercial radio industry is reluctant to invest significant amounts in delivering to consumers the technological innovations (such as electronic programme guides and enhanced scrolling text) that are available on DAB digital radio.

In contrast to the situation in the UK, such technological innovations are often viewed by overseas broadcasters, particularly in the USA and Australia, as part of the standard package of services that consumers should receive. As a result, UBC's digital software business now provides valuable software consultancy services to a number of leading international digital radio broadcasters.

The decision to concentrate on providing our music downloading technology as a business-to-business solution to manufacturers will increase the range of digital software services delivered by UBC's Data and Interactive division. Although the UK market for digital software services is likely to remain challenging in the short-term, we believe there are considerable opportunities for future growth of the Group's digital software business.

Simon Cole

Chief Executive

For the financial year ended 31 March 2008 UBC Media Group plc is required to report its results under International Financial Reporting Standards ("IFRS"). The Financial Review has been prepared in accordance with the recognition and measurement bases of IFRS and the comparative figures for 2007 have been restated in accordance with the relevant transitional rules.

In the year to 31 March 2008 Group revenues grew by 17.3% to £15.54 million (2007: £13.25 million).

Revenues by operation for the period were as follows:

- Commercial Networking: £11.53 million (2007: £8.99 million) +28.3%
- Programme Production: £3.30 million (2007: £3.37 million) -2.1%
- Data and Interactive: £0.69 million (2007: £0.90 million) -23.3%

Financial Summary from Continuing Operations

(Year ended 31 March)	2008 £'000	2007 £'000
Revenues	15,536	13,246
Gross profit	3,487	3,436
Administrative expenses	(3,021)	(2,928)
Cliq development costs	(1,171)	(511)
Impairment of Cliq intangible asset	(1,994)	_
Impairment of fixed asset investment	-	(306)
Loss from continuing operations	(2,699)	(309)
Loss in the period from continuing and		
discontinued operations	(3,389)	(1,243)

Reconciliation of financial highlights excluding Cliq

Reconciliation of financial nightights excit	laing Ciiq	
(Year ended 31 March)	2008 £'000	2007 £'000
Loss before tax from continuing operations	(2,893)	(723)
Share of results of joint ventures	446	610
Other gains and losses	-	(112)
Finance costs	-	18
Investment Income	(252)	(102)
Operating loss	(2,699)	(309)
Cliq development costs	1,171	511
Impairment of intangible assets	1,994	_
Impairment of fixed asset investment	-	306
Cliq loss included in Group gross profit	242	_
Normalised operating profit	708	508
Loss before tax from continuing operations	(2,893)	(723)
Cliq development costs	1,171	511
Impairment of intangible assets	1,994	_
Cliq loss included in Group gross profit	242	-
Normalised EBITDA	514	(212)
Gross profit	3,487	3,436
Cliq loss included in Group gross profit	242	_
Normalised gross profit	3,729	3,436

Investment in Cliq

In the year to 31 March 2008 UBC invested £1.97 million (2007: £1.62 million) in the development of Cliq, its digital music downloading service, of which £557,000 (2007: £1.11 million) was capitalised. The Group has impaired the intangible assets on the Group Balance Sheet relating to Cliq of £1.99 million. Since the period end, UBC has announced it has ceased the mobile phone version of the Cliq service.

Sale of Classic Gold Digital

In June 2007 UBC completed the sale of the 18 AM licences and associated digital radio licences comprising the Classic Gold Digital network to GCap Media plc. UBC received cash proceeds from the sale of $\pounds 3.95$ million and reported a profit on the disposal of $\pounds 3.54$ million.

In the year to 31 March 2008 UBC spent $\mathfrak{L}0.9$ million (2007: $\mathfrak{L}1.0$ million) on a contractual obligation to Bauer Radio arising from the former transmission of Classic Gold Digital on digital multiplexes, primarily covering Northern England. In the year to 31 March 2008 the Group has provided a total of $\mathfrak{L}3.4$ million, representing the estimated discounted future cost of the contract.

Closure of Oneword Radio

In the year to 31 March 2008 UBC made a joint venture investment of $\pounds 466,\!000$ (2007: $\pounds 642,\!000$) in Oneword Radio. In December 2007 UBC acquired the 51% shareholding in Oneword Radio held by Channel 4 Television for $\pounds 1,$ thereby increasing the Group's shareholding in Oneword Radio to 100%. In January 2008 UBC Media Group undertook the orderly closure of Oneword Radio.

Investment in 4 Digital Group

UBC is a shareholder in the 4 Digital Group consortium, which in July 2007 was awarded the second national DAB multiplex. In the year to 31 March 2008 UBC invested \$150,000 in 4 Digital Group.

Cash Flow

In the year to 31 March 2008 UBC had a cash outflow from continuing operating activities of -£0.55 million (2007: £1.14 million outflow).

Cash

At 31 March 2008, UBC had cash in the bank of \$3.92 million (2007: \$1.93 million).

Loss per Share

In the year to 31 March 2008 UBC reported basic and diluted loss per share of -1.55p (2007: -0.46p) from continuing operations and basic and diluted loss per share of -1.76p (2007: -0.67p) from continuing and discontinued operations.

Dividend

The Board is not recommending the payment of a dividend.

Principal Risks and Uncertainties

These are detailed on page 7 of the Report of the Directors.

Post Balance Sheet Events

In June 2008 UBC announced the closure of the mobile phone version of Cliq – its music downloading service.

Since the year end UBC has announced the signing of a letter of intent with Global Traffic Network, Inc. for the sale of the Group's Commercial Networking division. It is intended that an initial consideration of $\mathfrak L11$ million will be paid on completion of the transaction, with provisions for an earn-out which has the potential to deliver additional payments up to $\mathfrak L5.5$ million depending upon the Commercial Networking division achieving certain turnover targets in the 12 months following the sale. The sale is conditional amongst other things upon completion of due diligence, negotiation of a mutually acceptable share purchase agreement and the consent of UBC's shareholders.



Gavin Rigby

Finance Director

John Hodson (61)

Non-Executive Chairman

John Hodson was appointed to the Board as Non-Executive Chairman of the Company in February 2005. John is a former Chief Executive of Singer & Friedlander Group. He is non-executive chairman of Cenkos Securities plc and Strategic Equity Capital plc and is a director of Domino's Pizza UK & IRL plc and Prestbury Group. John is Chairman of the Nominations Committee and a member of the Remuneration Committee.

Simon Cole (50)

Chief Executive

Simon Cole founded Unique Broadcasting in 1989 in partnership with Tim Blackmore, having pioneered the market for national sponsored programmes whilst at Piccadilly Radio, where he was Head of Programmes. Simon has been awarded a fellowship of the Radio Academy. Simon is a member of the Nominations Committee.

John Quinn (51)

Chief Operating Officer

John Quinn has overall management responsibility for the Group's operating activities. John joined Unique Broadcasting in 1996. He was formerly Sales Controller for Virgin Radio and Atlantic 252 and launch Sales Director of Kiss FM.

Gavin Rigby (36)

Finance Director

Gavin served as Acting Finance Director from November 2007 to May 2008, when he was appointed a director of the Company and Finance Director. Previously, he was Financial Controller of the Company for 5 years. Prior to joining UBC Gavin performed financial and management accountancy roles for a number of private sector companies.

Tim Blackmore MBE (63)

Non-Executive Director and Group Editorial Director

Tim Blackmore founded Unique Broadcasting in 1989 with Simon Cole, after a career in radio production with BBC Radio One and Capital Radio. In 2004 Tim was appointed as a Non-Executive Director. He continues to act as Chairman of Smooth Operations. Tim was awarded an MBE for services to independent radio production. Tim has also been awarded a fellowship of the Radio Academy and is Chairman of the Sony Radio Academy Awards.

Kelvin Harrison (53)

Non-Executive Director

Kelvin Harrison is a chartered engineer with significant experience of the software, electronics and communications sectors in various positions, including chief executive of public and private companies. Kelvin is also Chief Executive of Maxima Holdings plc. Kelvin is Chairman of the Remuneration Committee and a member of the Audit Committee.

Paul Pascoe (47)

Non-Executive Director

Paul Pascoe is a director of various companies and Chief Executive Officer of Unique Communications Group Limited. Paul is Chairman of the Audit Committee and a member of the Remuneration Committee.

Directors and Advisers

For the year ended 31 March 2008

Executive directors

Simon A. Cole

John P. Quinn

Gavin D. Rigby (appointed 2 May 2008)
Jenny H. Donald (resigned 4 December 2007)
Matthew A. Honey (resigned 8 November 2007)

Non-executive directors

John Hodson

Timothy J. Blackmore MBE Kelvin F. Harrison

Paul H.B. Pascoe

Company Secretary

Simon J. Howell

Registered Office

50 Lisson Street London NW1 5DF

Country of Incorporation

United Kingdom

Registered Number

3958483

Nominated Adviser and Broker

Seymour Pierce Limited 20 Old Bailey London EC4M 7EN

Solicitors to the Company

Wragge & Co LLP 55 Colmore Row Birmingham B3 2AS

Auditors

Deloitte & Touche LLP 2 New Street Square London EC4A 3BZ

Principal Bankers

Barclays Bank plc 27 Soho Square London W1D 3QR

Registrars

Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA The directors present their report and the audited financial statements for the year ended 31 March 2008.

Business review and principal activities

The Chief Executive's Review of Business is contained on page 3 and the Financial Review is contained on page 4. The principal business of the Group in the year was the sale of radio advertising, the supply of radio programming and the provision of audio and data services to the radio industry.

The purpose of the annual report is to provide information to the members of the Company. The Annual Report contains certain forward-looking statements with respect to the operations, performance and financial position of the Group. By their nature, these statements involve risk and uncertainty, since future events and circumstances can cause results and developments to differ from those anticipated and nothing in this Annual Report should be construed as a profit forecast.

Results and dividends

The Group's financial results for the year are shown in the Consolidated Income Statement on page 14. The directors are not recommending the payment of a dividend for the year (2007: nil).

Directors and their interests

The names of the directors serving in the year and their interests at 31 March 2008 were as follows:

	Number of ordinary shares as at 31 March 2007	Number of ordinary shares as at 31 March 2008	Ordinary shares under option as at 31 March 2008
J. Hodson	250,000	250,000	_
S. A. Cole	21,025,064	21,275,064	_
J. P. Quinn	2,462,506	2,462,506	3,406,530
T. J. Blackmore MBE	20,080,857	20,080,857	_
K.F. Harrison	2,500	123,118	_
P. H. B. Pascoe	303,205	8,751,919	_

At 31 March 2008, the following directors' interests were also noted:

- 1. The 250,000 ordinary shares shown as beneficially held by J. Hodson are registered under the name of Smith & Williamson Nominees Limited
- 2. Of the ordinary shares shown as beneficially held by S.A. Cole, 5,000,000 are registered under the name of HSBC Global Custody Nominee (UK) Limited.
- 3. Of the ordinary shares shown as beneficially held by T.J. Blackmore, 3,344,226 are registered in the name of his wife Margaret Blackmore.
- 4. Of the ordinary shares shown as being under option to J.P. Quinn, 533,950 are under option to the trustees of the Company's Employee Benefit Trust who have confirmed their intention to hold the options in trust for the above named and his family. The Employee Benefit Trust is a discretionary trust for the benefit of the Company's employees, former employees, their families and dependents.
- 5. Of the ordinary shares shown as beneficially held by P.H.B. Pascoe 8,448,714 are registered under the name of Cenkos Channel Islands Nominees and are shares which P.H.B. Pascoe is connected with.

Share options

Details of share options and warrants held by directors during the year over the ordinary shares of 1p each in the Company are set out below. The options were issued for no consideration.

	Options outstanding 1 April 2007	Options granted in year	Options relinquished in year	Options exercised in year	Options outstanding 31 March 2008	Exercise price (pence)	Date from which exercisable	Expiry date
J. P. Quinn	300,000*	_	-	_	300,000	1.03	31/03/02	30/09/08
	2,250,000**	_	_	_	2,250,000	1.66	26/03/00	30/09/08
	322,580***	_	-	_	322,580	31.0	02/04/03	02/04/11

- Granted under the Unapproved Executive Share Scheme.
- Granted under the Unapproved Executive Share Scheme Number Two.
- Granted under the Enterprise Management Incentive Share Option Scheme.
- The Company's share price as at 31 March 2008 was 7p and the range during the year was 13p to 7p.

Substantial shareholders

At 7 July 2008, the Company has been informed of the following interests of 3% or more in its ordinary shares of 1p each in issue at that date:

	Number of Shares	% of issued share capital
D.C. Thomson & Company Limited	29,000,000	15.05
S. A. Cole	21,275,064	11.04
T. J. Blackmore MBE	20,080,857	10.42
State Street Nominees Limited	12,299,224	6.38
Vidacos Nominees Limited	11,688,636	6.06
Cenkos Channel Islands Nominees Limited	8,448,714	4.38
BNY (OCS) Nominees Limited	6,345,306	3.29

Capital Structure

The Group has no debt and the business is funded through readily available cash and working capital management.

Re-election of directors

In accordance with the Articles of Association S.A. Cole, J. Hodson and G.D. Rigby will retire by rotation at the Company's Annual General Meeting ("AGM") and, being eligible, offer themselves for re-election. The Board has considered the requirements of the Combined Code in respect of these matters and believes that these members continue to be effective and to demonstrate their commitment to their roles, the Board and the Group. Brief particulars of all directors can be found on page 5.

Corporate governance

As an AIM-listed company, UBC Media Group plc is not required to comply with the main provisions of the principles of good governance and code of best practice prepared by the Committee on Corporate Governance (the 'Combined Code'). However, insofar as they are able for a company of its size, the Board complies with the provisions of the Combined Code. Details concerning the Group's arrangements relating to corporate governance and its compliance with the Combined Code are given in the Corporate Governance Statement on pages 10 to 11. The Directors' Remuneration Report is given on page 12.

Principal risks and uncertainties

The outlook for the radio advertising market is uncertain and whilst the Group has performed satisfactorily for much of this year, there is no certainty it will do so against the market in the future. However, as disclosed elsewhere in the annual report and accounts, the Group's strategy of investing in network programming is providing access to audiences that advertisers want and is thus mitigating the risk for the Group. As reported elsewhere in the annual report and accounts, since the financial year-end UBC has received an offer from Global Traffic Network to acquire the Commercial Networking division. The sale is conditional amongst other things upon completion of due diligence, negotiation of a mutually acceptable share purchase agreement and the consent of UBC's shareholders.

There is a risk that the Group will lose key programming contracts with the BBC, but this is mitigated by the fact that the majority of contracts by value are long-term and the BBC has committed to increase the percentage of its output that is commissioned from the independent radio production sector. The Group is also seeking to increase its revenues from programming commissions from parties other than the BBC.

There are uncertainties surrounding the ultimate size of the markets for the Group's digital software products. However, the Group believes there is commercial potential for these products and continues to invest in both product and market development.

The other main risks to the Group are people, especially key executives. Retention of the key executives of the Group is recognised as a risk and is managed by the incentive and remuneration arrangements referred to on page 12. Financing of the Group's activities is covered in the Financial Review on page 4.

Annual general meeting

The following special business is being proposed at this year's Annual General Meeting:

Authority to directors to allot shares: Resolution 7

The Companies Act 1985 provides that the directors may not allot shares unless empowered to do so by the shareholders. Such a power cannot be given for longer than five years at any one time and the total nominal value of shares that can be allotted must be specified. In order to renew the Board's powers in respect of unissued shares it is, accordingly, proposed that the directors be granted general authority at any time prior to the expiry of fifteen months following the forthcoming Annual General Meeting (or prior to the next Annual General Meeting of the Company, if earlier) to

allot shares up to an aggregate nominal value of \$289,104 representing approximately 15% of the current issued share capital.

Disapplication of pre-emption rights: Resolution 8

This resolution is proposed for two reasons. Firstly, it renews the directors' authority to implement rights issues without complying fully with the technical requirements of section 89 of the Companies Act 1985 (relating to the allotment of shares for cash). Secondly, the resolution gives the directors authority to allot shares for cash other than by way of rights to existing shareholders up to an aggregate nominal amount of \$192,736. This power will provide the directors with the flexibility to take advantage of business opportunities as they arise. Shareholders should note that the London Stock Exchange does not require shareholders' specific approval for each issue of shares for cash on a pre-emptive basis to the extent that under section 95 of the Companies Act 1985 the provisions of section 89 are disapplied generally. If given, this authority will expire fifteen months from the date of passing of the special resolution or, if earlier, on the date of the next Annual General meeting of the Company.

Amendments to the Articles of Association: Resolution 9

It is proposed in resolution 9 that the Company adopts newly amended Articles of Association of the Company in order to reflect the changes in English company law brought about by the Companies Act 2006. Pursuant to this, it is proposed that the Company adopts each of the amended Articles of Association produced to the meeting initialled 'A', 'B' and 'C', to take effect immediately, on 1 October 2008 and on 1 October 2009, respectively.

The principal changes to the Company's Articles of Association are as follows:

i) Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main to be removed in the New Articles. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Certain examples of such provisions include provisions as to the form of resolutions, the variation of class rights, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

ii) Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being removed as the concept of extraordinary resolutions has not been retained under the Companies Act 2006. Further, the remainder of the provision is reflected in full in the Companies Act 2006.

iii) Convening extraordinary and annual general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular an extraordinary general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

iv) Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after

the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may be appointed (but if they purport to exercise their rights in different ways, then the power is treated as not being exercised). The New Articles reflect all of these new provisions.

v) Age of directors on appointment

The Current Articles contain a provision limiting the age at which a director can be appointed. Such provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

vi) Conflicts of interest

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to this effect. The Companies Act 2006 also allows the Articles of Association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles 'B' give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers to authorise conflicts are operated effectively.

vii) Notice of board meetings

Under the Current Articles, when a director is abroad he can request that notice of directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a director who is abroad. It has been replaced with a more general provision that a director is treated as having waived his entitlement to notice, unless he supplies the Company with the information necessary to ensure that he receives notice of a meeting before it takes place.

viii) Electronic and web communications

Provisions of the Companies Act 2006 which came into force in January 2007 enable companies to communicate with members by electronic and/or website communications. The New Articles continue to allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the Company can communicate with a member

by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

ix) Directors' indemnities and loans to fund expenditure

The Companies Act 2006 has in some areas widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. In addition, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies.

x) General

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles.

Employee involvement

The Group places considerable value on the involvement of its employees and encourages the development of employee involvement in each of its operating companies through both formal and informal meetings. It is the Group's policy to ensure that employees are made aware of significant matters affecting the performance of the Group through information bulletins, informal meetings, team briefings, internal newsletters and the Group's website and intranet.

Employment policy

The Group acknowledges the vital role that all employees play in its success through their skills, initiative and commitment. The Group endorses and supports the principles of equal opportunities and always fully considers applications by disabled persons. The policy in respect of staff that become disabled whilst employed is to train and assist them wherever practicable to continue within the Group. It is the policy of the Group to consider individuals on their merit and to make employment decisions on a non-discriminatory basis in compliance with its legal obligations. The Group's policy is to ensure that, as far as is reasonably practicable, working environments exist which will minimise risk to the health and safety of employees.

Environmental policy

In appreciating the importance of good environmental practice, the Group seeks to ensure that its operations cause minimum detrimental impact on the environment. The Group's objective is to comply with all relevant environmental legislation and to promote effective environmental management throughout its businesses.

Going concern

After assessing the Group's cash flow forecasts for the period to 31 July 2009 and its medium-term plans, the directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Therefore they have adopted the going concern basis in preparing the accounts.

Charitable donations

The Group made charitable contributions of $\mathfrak{L}642$ (2007: $\mathfrak{L}2,106$) during the year, of which $\mathfrak{L}642$ was donated to the Group's nominated charity, Alzheimer's Society. The Group made no political donations during the year.

Auditors

The auditors, Deloitte & Touche LLP, have indicated their willingness to

continue in office and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

Disclosure of information to auditors

Each of the directors at the date of approval of this report confirms that: so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and the director has taken all the steps he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This information is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Policy and practice on payment of creditors

Each Group company is responsible for agreeing the details of terms and conditions relating to transactions with its suppliers where goods and services have been supplied in accordance with the relevant terms and conditions of the contract. Trade creditors for the Company at 31 March 2008 represented 44 days of purchases (31 March 2007: 53 days of purchases).

By order of the Board

Simon Home

Simon Howell

Company Secretary

50 Lisson Street London NW1 5DF

21 July 2008

As an AIM-listed company, UBC Media Group plc is not required to comply with the main provisions of the principles of good governance and code of best practice contained in the Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003 (the 'Combined Code'). However, the Company supports the principles of good governance laid down in the Combined Code and insofar as they are able, for a company of its size, the Board complies with the provisions of the Combined Code.

The Board

The Company is controlled through a Board of Directors, which at 31 March 2008 comprised two executive directors and four non-executive directors. G.D. Rigby was appointed as an executive director of the Company on 2 May 2008. Short biographies of each director are set out on page 5.

The role of the Chairman and that of the Chief Executive are separate and have been so since the Company's formation.

The Senior Non-Executive Director is P.H.B. Pascoe.

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and setting its agenda. The Chairman also ensures that the directors receive accurate, timely and clear information and that there is effective communication with shareholders. The Chairman also facilitates the effective contribution of the other Non-Executive Directors and ensures constructive relations between executive and non-executive directors.

The Chief Executive's responsibilities are concerned with managing the Group's business and implementing Group strategy.

The Board's role is to provide entrepreneurial leadership of UBC Media Group within the framework of prudent and effective controls that enable risk to be assessed and managed. The Board is responsible for setting the Company's strategic aims and for ensuring the financial and human resources are in place for the Company to meet its objectives and to review management performance. The Board is also responsible for setting the Company's values and standards and ensuring that its obligations to its shareholders are understood and met.

The Combined Code requires that the Board undertakes a formal annual evaluation of its performance, its directors and its committees. During the year, a review was conducted led by the Chairman and using criteria based on guidance in the Code as the framework for the evaluation process. Each Board member provided an evaluation of Board performance, and these were used as the basis for a collective discussion. An assessment of the effectiveness of individual members of the Board and of the Chairman was also carried out, and any issues raised were followed up with appropriate action.

The Board dispatches its role by holding bi-monthly meetings, at which:

- the monthly management accounts, including budgets and prior year comparatives, are presented and reviewed;
- · strategy is set and policy is debated;
- all significant investment and acquisition opportunities are reviewed and, if appropriate, approval is given; and
- any proposed changes to internal control and operating policies are debated.

The Non-Executive Directors bring a wide range of experience and expertise to the Company's affairs, which allows them to constructively challenge and help develop proposals and strategy, scrutinise performance and controls and take decisions objectively in the interests of the Company.

P.H.B. Pascoe is not considered by the Board to be independent by virtue of his length of service as a non-executive director of both UBC Media Group plc and The Unique Broadcasting Company Limited and by reason of the significant shareholding in the Company held by an entity which he is connected with. In addition, T.J. Blackmore, by reason of his significant shareholding in the Company and previous service as an executive director of UBC Media Group, is not considered by the Board to be independent.

All directors are subject to election by shareholders at the first opportunity after appointment and at each annual general meeting of the Company one-third of the Directors are subject to retirement by rotation. At the Annual General Meeting in 2007 T.J. Blackmore and K.F. Harrison were re-elected to the Board. Details of directors submitted for re-election at the forthcoming AGM are provided on page 44.

The Company indemnifies directors for claims made against them in relation to their duties, with the exception of any losses incurred as a result of their wilful negligence. Insurance cover with an annual limit of £2 million is maintained in respect of potential legal action.

The Board of Directors meets formally at regular intervals. During the year attendance at formal meetings of the Board was as follows:

Number of Board Meetings attended

J. Hodson	6
S. A. Cole	6
J. H. Donald (resigned 4 December 2007)	5
M. A. Honey (resigned 8 November 2007)	3
J. P. Quinn	6
T. J. Blackmore MBE	6
K.F. Harrison	6
P. H. B. Pascoe	6

In addition there were a number of informal meetings of the Board.

The Company has adopted the Model Code for Directors' dealings as applicable to AIM companies.

Financial Reporting

The Board places considerable emphasis on ensuring that all communications with shareholders present a balanced and transparent assessment of the Group's position and prospects. The Board or a sub-committee of the Board reviews and approves results announcements, interim reports, annual reports, the Chairman's AGM statement and trading updates prior to their release. The directors' statement of responsibilities in respect of the preparation of financial statements is set out on page 11 and the Auditors' statement on the respective responsibilities of directors and auditors is included within their report on page 13.

Internal Controls & Risk Management

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. In compliance with Provision C.2.2 of the Combined Code, the Board has considered the need for an internal audit function, but has concluded that the internal control systems in place are appropriate for the size and complexity of the Company.

The Board is also responsible for the identification and evaluation of major risks faced by the group and for determining the appropriate course of action to manage those risks. The Board has put in place the procedures necessary to implement and comply with the guidance 'Internal Control: Guidance for Directors on the Combined Code' (The Turnbull Report) (Revised). During the year the Board undertook a review of the effectiveness of the Company's internal controls in respect of certain identified risks.

Committees of the Board

The Board has three committees, being the Audit Committee, the Remuneration Committee and the Nominations Committee, each of which operate within defined terms of reference.

Audit Committee

The Audit Committee consists of P.H.B. Pascoe, as chairman, and K.F. Harrison. The Audit Committee has primary responsibility for monitoring the integrity of the financial statements of the Group; reviewing the Group's

11

Statement of Directors' Responsibilities

internal financial controls; ensuring that the financial performance of the Group is properly measured and reported on; and for reviewing reports from the Group's auditors relating to the Group's accounting and internal financial controls. The Chairman and Finance Director and other senior management also attend committee meetings by invitation. The Committee has unrestricted access to the Company's auditors. The Audit Committee met formally two times during the year. The Committee reviews arrangements by which staff of the Company may raise in confidence concerns about improprieties in matters of financial reporting or other matters and investigates appropriate follow-up action.

The Audit Committee recommends to the Board the appointment, re-appointment or removal of the external auditors. The Committee considers all proposals for non-audit services and ensures that these do not impact on the objectivity and independence of the auditors.

The Audit Committee in its meetings with the external auditors reviews the safeguards and procedures developed by the auditors to counter threats or perceived threats to their objectivity and independence and assess the effectiveness of the external audit.

Remuneration Committee

The Remuneration Committee consists of K.F. Harrison as chairman, J. Hodson and P.H.B. Pascoe. Further details of the Committee's remit are contained in the Directors' Remuneration Report on page 12. The Remuneration Committee met formally on three occasions during the year.

Nominations Committee

The Nominations Committee is responsible for succession planning and ensuring that all appointments to the Board are objective. The Committee oversees the selection and appointment of directors, making its recommendations to the full Board. The Committee meets as and when required. The Nominations Committee did not meet during the year. The Committee consists of J. Hodson, as chairman, and S.A. Cole.

Relations with Shareholders

The Board is committed to maintaining good communications with share-holders. The Chief Executive maintained a regular dialogue with institutional shareholders throughout the year. The executive directors give presentations to analysts and hold one-to-one formal meetings with the Group's key shareholders immediately following the announcement of the Group's full year and interim results. The Group obtains independent feedback on these meetings through its corporate brokers, and this feedback is disclosed to the Board.

The Company responds formally to all queries and requests for information from existing and prospective shareholders. In addition, J. Hodson and P.H.B. Pascoe are available to shareholders to ensure that any potential concerns can be raised directly. The Group's Annual Report and Accounts, final and interim announcements, trading statements and press releases are available on its website at www.ubcmedia.com.

Constructive use of the AGM

The Board uses the Annual General Meeting to communicate with both institutional and private shareholders. Resolutions are proposed on each substantially separate issue and the agenda includes a resolution to adopt the Group's Annual Report & Accounts. Details of the proxy votes for and against each resolution are announced after the result of the hand votes is known. Before the formal business of the Meeting is undertaken, the Chairman invites shareholder questions to the Board.

The directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required by the IAS Regulation to prepare the group financial statements under IFRSs (IFRSs) as adopted by the European Union. The group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- · properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The parent company financial statements are required by law to give a true and fair view of the state of affairs of the company. In preparing these financial statements, the directors are required to:

- $\bullet \ \ \text{select suitable accounting policies and then apply them consistently};\\$
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed;
 and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the parent company financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Jimon Home

Simon Howell

Company Secretary

50 Lisson Street London NW1 5DF

21 July 2008

Directors' Remuneration Report

As an AIM-listed company, the Directors' Remuneration Report regulations do not formally apply in 2008. However, UBC voluntarily discloses the following information.

The Board has established a Remuneration Committee with formally delegated duties and responsibilities, consisting of K.F. Harrison as Chairman, J. Hodson, and P.H.B. Pascoe. The provisions of the Combined Code recommend that as Company Chairman, J. Hodson should not be a member of the Committee. However, it is considered that J. Hodson's experience and knowledge is of considerable value to the Committee and as a result he has been appointed a member of the Committee. The Remuneration Committee has responsibility for determining executive directors' terms and conditions of service, including remuneration and grant of options under the Share Option Schemes.

Remuneration policy for executive directors

The Company's policy on executive director remuneration is to:

- attract and retain high-quality executives by paying competitive remuneration packages relevant to each director's role, experience and the external market; and
- · incentivise directors to maximise shareholder value through share options and the payment of an annual bonus.

Directors' service contracts

The executive directors, S.A. Cole and J.P. Quinn, each have 12-month rolling service agreements with the Company. G.D. Rigby has a 6-month rolling service agreement with the Company. On 6 June 2008 the non-executive chairman, J. Hodson, and the directors, T.J. Blackmore, K.F. Harrison, and P.H.B. Pascoe, were appointed as non-executive directors of the Company for a one-year period expiring on 5 June 2009. The appointment of the non-executive chairman, J. Hodson, and the appointment of the non-executive directors, T.J. Blackmore, K.F. Harrison and P.H.B. Pascoe may be terminated at any time by the Company on three months' notice.

The following information was audited. S.A. Cole and J.P. Quinn participate in an annual bonus plan under which in the year to 31 March 2008 their maximum bonus potential was 50% of salary. The measures used to assess performance under the bonus plan in the year to 31 March 2008 were Group and divisional profitability compared to market expectations.

The remuneration of each of the directors for the year ended 31 March 2008 was as follows:

	Salary & fees £'000	Compensation on loss of office £'000	Bonus £'000	Taxable benefits £'000	Pension contribution £'000	2008 Total £'000	2007 Total £'000
Executive							
S.A. Cole	156	_	28	1	4	189	155
J.P. Quinn	135	_	31	1	4	171	132
J.H. Donald ⁽¹⁾	77	114	18	1	2	212	114
M.A. Honey ⁽²⁾	74	_	_	1	2	77	132
Non-executive							
J. Hodson (chairman)	35	_	_	_	_	35	36
T.J. Blackmore MBE ⁽³⁾	14	_	_	_	_	14	32
K.F. Harrison	18	_	-	_	_	18	20
P.H.B Pascoe	30	_	_	_	_	30	20
R.S. Silverstone ⁽⁴⁾	_	_	_	_	_	-	6
	539	114	77	4	12	746	647

⁽¹⁾ Resigned as a director on 4 December 2007

⁽²⁾ Resigned as a director on 8 November 2007

⁽³⁾ In the year to 31 March 2008 T.J. Blackmore received fees totalling £14,000 (2007: £32,000) for his services as Editorial Director and consultant to the Group. He receives no remuneration for his role as a non-executive director of UBC Media Group plc

⁽⁴⁾ Roger S. Silverstone died on 16 July 2006

⁽⁵⁾ Gavin D. Rigby was appointed as a director of the Company and Finance Director of the Group on 2 May 2008

Independent Auditors' Report to the Members of UBC Media Group plc

We have audited the group financial statements of UBC Media Group plc for the year ended 31 March 2008 which comprise the Group Income Statement, the Group Balance Sheet, the Group Cash Flow Statement, the Group Statement of Changes in Equity and the related notes 1 to 31. These group financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

We have reported separately on the parent company financial statements of UBC Media Group plc for the year ended 31 March 2008.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the group financial statements give a true and fair view, whether the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation and whether the part of the directors' remuneration report described as having been audited has been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the group financial statements.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited group financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2008 and of its loss for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the part of the directors' remuneration report described as having been audited has been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the group financial statements.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors London

21 July 2008

	Notes	2008 £'000	2007 £'000
Continuing operations			
Revenue	2,3	15,536	13,246
Cost of sales	,	(12,049)	(9,810)
Gross profit		3,487	3,436
Administrative expenses before impairment of fixed asset investment,			
impairment of intangible assets and Cliq development costs		(3,021)	(2,928)
Impairment of fixed asset investment		_	(306)
Impairment of intangible assets	14	(1,994)	_
Cliq development costs	4	(1,171)	(511)
Total administrative expenses		(6,186)	(3,745)
Operating loss	3,4	(2,699)	(309)
Investment income	7	252	102
Finance costs		-	(18)
Other gains and losses		-	112
Share of results of joint ventures	3	(446)	(610)
Loss before tax		(2,893)	(723)
Tax	10	(90)	(139)
Loss for the period from continuing operations		(2,983)	(862)
Discontinued operations:			
Loss for the period from discontinued operations	12	(406)	(381)
Loss for the period		(3,389)	(1,243)
Loss per share (pence)			
From continuing operations			
Basic		(1.55)	(0.46)
Diluted		(1.55)	(0.46)
From continuing and discontinued operations			
Basic		(1.76)	(0.67)
Diluted		(1.76)	(0.67)

Assets Non-current assets Goodwill Intangible assets Property, plant and equipment Investments Current assets Inventory: work in progress Trade and other receivables Assets held for sale	13 14 15 18	2,834 - 219 150 3,203	2,834 1,452 265 – 4,551
Goodwill Intangible assets Property, plant and equipment Investments Current assets Inventory: work in progress Trade and other receivables	14 15 18	219 150 3,203	1,452 265 –
Intangible assets Property, plant and equipment Investments Current assets Inventory: work in progress Trade and other receivables	14 15 18	219 150 3,203	1,452 265 –
Property, plant and equipment Investments Current assets Inventory: work in progress Trade and other receivables	15 18	150 3,203	265 –
Investments Current assets Inventory: work in progress Trade and other receivables	18	150 3,203	
Current assets Inventory: work in progress Trade and other receivables	19	3,203	
Inventory: work in progress Trade and other receivables			4,551
Inventory: work in progress Trade and other receivables		5.0	
Trade and other receivables		5.0	
		30	45
A conta hald for colo	1.0	3,550	5,314
Assets field for sale	12	-	40
Cash and cash equivalents		3,919	1,933
		7,527	7,332
Total assets		10,730	11,883
Liabilities			
Current liabilities			
Trade and other payables	20	(2,718)	(3,786)
Liabilities held for sale	12	-	(241)
		(2,718)	(4,027)
Net current assets		4,809	3,305
Non-current liabilities			
Deferred tax liability	21	(298)	(149)
Provisions	22	(3,396)	-
		(3,694)	(149)
Total liabilities		(6,412)	(4,176)
Net assets		4,318	7,707
Equity			
Share capital	23	1,927	1,927
Share premium account	24	18,676	18,676
Other reserves	24	(801)	(801
Accumulated losses	24	(15,484)	(12,095)
Total equity		4,318	7,707

These financial statements, which comprise the consolidated income statement, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and related notes were approved by the board of directors on 21 July 2008 and were signed on its behalf by:

G.D.Rigby Director

S.A.Cole Director

	Notes	2008 £'000	2007 £'000
Cash flows from operating activities			
Cash used in operations	25	(550)	(1,142)
Cash used in discontinued operations		(469)	(1,996)
Tax refunded/(paid)		15	(15)
Net cash used in operating activities		(1,004)	(3,153)
Investing activities			
Interest received	7	222	102
Proceeds from disposal of trade and assets of subsidiary		3,832	_
Other investment income	7	30	_
Disposal of interest of joint ventures		-	66
Investment in joint ventures		(466)	(642)
Deferred consideration on prior period acquisitions		-	(741)
Purchase of property, plant and equipment	15	(84)	(233)
Purchase of investment	18	(150)	-
Investment in intangible assets	14	(557)	(1,115)
Net cash from/(used in) investing activities		2,827	(2,563)
Financing activities			
Proceeds on issue of ordinary shares		-	2,972
Net cash from financing activities			2,972
Net increase/(decrease) in cash and cash equivalents		1,823	(2,744)
Cash and cash equivalents at beginning of period		1,933	4,677
Cash acquired on purchase of subsidiary		163	
Cash and cash equivalent at end of period		3,919	1,933
Cash and cash equivalents		3,919	1,933
Cash and cash equivalents at end of period		3,919	1,933

Consolidated Statement of Changes in Equity For the year ended 31 March 2008

	Share Capital £'000	Share premium account £'000	Other reserves £'000	Accumulated losses £'000	Total £'000
At 1 April 2007	1,927	18,676	(801)	(12,095)	7,707
Loss for the period	_	-	_	(3,389)	(3,389)
At 31 March 2008	1,927	18,676	(801)	(15,484)	4,318

Notes to the Financial Statements

For the year ended 31 March 2008

1. PRESENTATION OF FINANCIAL INFORMATION AND ACCOUNTING POLICIES

The Group prepared its consolidated financial statements under UK GAAP up to and including the year ended 31 March 2007. From April 2007 onwards the Group is required to prepare its consolidated financial statements in accordance with International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") in accordance with European Union regulations.

These results for the year ended 31 March 2008 are the Group's first annual results reported under IFRS. This document includes an explanation of how the Group's reported performance and financial position are impacted by this change. As the Group's results have been prepared under IFRS, the accounting policies applied are not the same as those presented in the 2007 annual report. The Group's revised accounting policies under IFRS are presented below. The comparative information contained within this document has been restated under these new accounting policies and reconciliations to the UK GAAP profits as previously reported are provided in Appendix 1. Reconciliations explaining how the group consolidated statements of equity have been restated are also included in Appendix 1.

The Group has taken advantage of the exemption available under IFRS 3 business combinations and IFRS 2 share based payments and as such no adjustments relating to these standards have been included in the restated comparatives. For the results for the year ended 31 March 2008, a restatement of the opening balance sheet at 1 April 2006 has been made to align the Group's 2007 opening position, resulting in a decrease in equity of $\pounds 457,000$.

Principal accounting policies

The principal accounting policies set out below have been consistently applied to all the periods presented in these financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the recognition and measurement basis of IFRS for the first time. The disclosures required by IFRS 1 in respect of the transition from UK GAAP to IFRS are provided in Appendix 1.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

IAS 1 Presentation of Financial Statements revised

IAS 23 Borrowing costs revised
IFRS 8 Operating Segments

IFRIC 11 IFRS 2 Group and Treasury Share Transactions
IFRIC 12 Service Concession Arrangements
IFRIC 13 Customer Loyalty Programmes

IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum

Funding Requirements and their Interaction

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

Basis of consolidation

(a) Subsidiaries

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. Intra-group sales and profits are eliminated on consolidation. Where a consolidated company is less than 100% owned by the Group, the minority interest share of its results and net assets are recognised at each reporting date. Where a company has net liabilities, no asset is recorded within minority interests unless the minority shareholder has an obligation to make good its share of the net liabili-

ties. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

(b) Joint Ventures

Joint ventures are accounted for using the gross equity method from the date of their formation to the date of their sale. A fair value is attributed to the Group's share of separable assets and liabilities acquired on the formation of the joint venture and any excess of consideration over this fair value is disclosed in the balance sheet as goodwill. The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the income statement and as a movement in the Group's share of joint ventures' net assets in the balance sheet. Its share of any post-acquisition movements in reserves is recognised directly in equity. Losses of the joint ventures in excess of the Group's interest in those joint ventures are not recognised. Where a Group company transacts with joint venture of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant joint venture.

Revenue

Revenue represents amounts receivable for goods and services provided in the normal course of business, and excludes intra-group sales, Value Added Tax and trade discounts. Revenue comprises:

- Sale of programmes and content: The value of goods and services supplied is recognised on delivery of content. Production costs are recognised on the same date as the relevant revenue.
- Sale of advertising time: Advertising revenue is recognised on the date the relevant advertisement appears. Advertising revenue is recognised gross where the Group is exposed to the majority of the risks and rewards of the transactions and, as such, acts as principal. Where the Group does not bear the majority of the risks and rewards of the transactions it assumes the role as agent and revenue is recognised net of associated costs.

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired. Following initial recognition, goodwill is carried at cost less any accumulated impairment losses. Goodwill recognised under UK GAAP prior to the date of transition to IFRS is stated at net book value as at that date.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Deferred consideration on acquisitions is provided based on the directors' best estimate of the liability at the balance sheet date. The liability is discounted and an imputed interest charge is included in the income statement. Changes to estimates of amounts payable are made to deferred consideration and goodwill.

Intangible assets

Acquired intangible assets

Intangible assets are included at cost less provision for impairment, if applicable. Amortisation is calculated to write off the cost of intangible assets on a straight-line basis over its expected useful economic life. The useful economic life is estimated by reference to the period over which each asset is estimated to be capable of earning revenue.

Internally generated intangible assets

An internally generated intangible asset arising from the Group's development activities is recognised only if all of the following conditions are met:

Notes to the Financial Statements (continued)

For the year ended 31 March 2008

1. PRESENTATION OF FINANCIAL INFORMATION AND ACCOUNTING POLICIES (CONTINUED)

- · an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Where these criteria are met, the development expenditure is capitalised at cost. Where they are not met development expenditure is recognised as an expense in the period in which it is incurred. Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is charged to write off the cost of these fixed assets to their residual value over their expected useful lives, using the straight-line method, on the following basis:

	%
Technical equipment	50
Computer equipment	33⅓
Office equipment	20

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Work in progress

Programmes in production are stated at the lower of cost and net realisable value and included in work in progress. Programme material is written off fully on first transmission or sale. Expenditure relating to programmes that have been commissioned for production is carried forward at cost.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and deposits with an original maturity of three months or less, net of overdrafts.

Certain 2007 amounts between continued and discontinued operations have been reclassified in the financial statements to conform to current year presentation.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and more frequently if there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where broadcasting licences remain unutilised by the Group and have not been sublet, provision is made in full for the outstanding lease payments together with other outgoings for the remaining period of the licence. This provision takes into account any future sublet income reasonably expected. Future licence payments are charged against this provision in the period in which they are made.

Share capital

Ordinary shares are classified as equity instruments. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Research and development tax credits are recognised in the period when it becomes probable that an amount will be receivable or recoverable from Her Majesty's Revenue & Customs.

Deferred taxation arises as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. The deferred tax liability that is the result of timing differences that are not permanent is recognised in full. Deferred tax assets are only recognised to the extent that, on the basis of all available evidence, they are recoverable. Deferred tax assets and liabilities recognised have not been discounted.

Employee benefits

The retirement benefits for employees are provided by a defined contribution scheme, which is funded by contributions by employees with a Group contribution for certain employees only. The amount charged to the income statement is the contribution payable in the year by Group companies.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease rentals are charged to the income statement over the lease term on a straight-line basis.

Share-based payment transactions

The Group has applied the requirements of IFRS 2 'Share-based payment'. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that remained unvested as of 1 January 2005.

Certain employees receive remuneration in the form of share-based payments, including shares or rights over shares. The cost of equity-settled transactions with employees is measured by reference to the fair value of the instruments concerned at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the vesting date on which the relevant employees become fully entitled to the award. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors at that date, will ultimately vest.

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The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

As a result of the grant of share options under an unapproved share option scheme since 6 April 1999, the Group will be obliged to pay National Insurance contributions on the difference between the market value of the underlying shares and their exercise price when the options are exercised. The liability is estimated using the market value of the Company's shares at each balance sheet date. The movement in the provision is charged to the profit and loss account as a staff cost.

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Upon settlement, monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange-rate ruling on the settlement date. Monetary assets and liabilities denominated in foreign currencies at the year-end are re-translated at the exchange rate ruling at the balance sheet date. Exchange differences arising from re-translation at the settlement date or balance sheet date are included in the income statement.

Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not converted.

Segment reporting

A business segment is a group of assets and operations engaged in providing services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. Segment result is segment-operating profit stated before the share of results of joint ventures.

Financial instruments

Financial assets are accounted for on the trade date. Financial assets and financial liabilities principally include the following:

Trade receivables

Trade receivables do not carry interest and are stated at their fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

Available-for-sale financial assets

Available-for-sale financial assets are initially measured at cost, including transaction costs and at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the net profit or loss for the period. Impairment losses recognised in profit or loss for equity instruments classified as available-for-sale are not subsequently reversed through profit or loss.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Direct issue costs are amortised over the period of the loans and overdrafts to which they relate. Finance charges, including premiums payable on settlement or redemption are charged to the income statement as incurred using the effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are not interest-bearing and are stated at their fair value.

Derivative financial instruments

The Group does not use or trade in derivative financial instruments.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Notes to the Financial Statements (continued)

For the year ended 31 March 2008

2. REVENUE

An analysis of the Group's revenue is as follows:

	2008 £'000	2007 £'000
Continuing operations		
Sales of goods	14,820	12,378
Rendering of services	716	868
	15,536	13,246
Investment income	252	102
	15,788	13,348
Discontinued operations		
Sales of goods (see note 12)	1,026	4,382

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is organised into four operating divisions – Commercial Networking, Programme Production, Data and Interactive and Cliq. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Commercial Networking - The principal activity of the division is the sale of radio advertising airtime within the UK.

Programme Production – The principal activity of the division is the production and syndication of radio programmes and promotions to the BBC and to the domestic and international radio markets.

Data and Interactive – The principal activity of the division is the development and sale of software and data services to the radio industry both in the UK and overseas markets.

Cliq – The principal activity of the division is the creation of a digital music downloading service. On 10 June 2008 the Board took the decision to close the loss-making mobile phone version of its Cliq music downloading service and concentrate on providing a business-to-business solution to manufacturers of connected devices.

The Group was also previously involved in Digital Stations. That operation was discontinued with effect from 30 June 2007 (see note 12).

Segment information about these businesses is presented below:

2008	Commercial Networking £'000	Programme Production £'000	Data and Interactive £'000	Cliq £'000	Elimination £'000	Consolidated £'000
Revenue						
Total revenue	11,540	3,432	778	11	(225)	15,536
Inter-segment revenue	(6)	(130)	(89)	_	225	_
External revenue	11,534	3,302	689	11	_	15,536
Inter-segment revenue are charged at preva	ailing market prices.					
Result						
Segment result	901	722	141	(3,410)	_	(1,646)
Unallocated corporate expense						(1,053)
Operating loss						(2,699)
Investment income						252
Share of results of joint ventures						(446)
Loss before tax						(2,893)
						(90)
Tax						(50)
Tax Loss for the period from discontinued opera	ations					(406)

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3. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

Other information		_				
	Commercial Networking	Programme Production	Data and Interactive	Cliq	Unallocated	Consolidated
2008	£'000	2'000	£'000	£,000	000'3	2'000
Capital additions	_	4	15	595	27	641
Depreciation	_	(11)	(26)	(9)	(84)	(130)
Impairment losses recognised						
in income statement	_	_	(1)	(1,994)	(14)	(2,009)
Balance						
Assets						
Segment assets	2,021	3,694	274	93	4,498	10,580
Investment						150
Consolidated total assets						10,730
Liabilities						
Segment liabilities	1,492	166	132	216	4,197	6,203
Discontinued operations						209
Consolidated total liabilities						6,412
2007	Commercial Networking £'000	Programme Production £'000	Data and Interactive £'000	Cliq £'000	Elimination £'000	Consolidated £'000
	2 000	2 000	2,000	2 000	2 000	
Revenue	8,997	2.504	1.064		(210)	12046
Total revenue Inter-segment revenue	(12)	3,504 (139)	1,064 (168)	_	(319) 319	13,246
External revenue	8,985	3,365	896	_		13,246
External revenue	6,960	3,300	090			13,240
Inter-segment revenue are charged at prevailing	g market prices.					
Result						
Segment result	654	731	237	(511)	(19)	1,092
Unallocated corporate expense						(1,401)
Operating loss						(309)
Investment income						102
Finance costs						(18)
Other gains and losses						112
Share of results of joint ventures						(610)
Loss before tax						(723)
Tax						(139)
Loss for the period from discontinued operation	ıs					(381)
Loss after tax and discontinued operations						(1,243)

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3. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

Other information							
2007	Commercial Networking £'000	Programme Production £'000	Data and Interactive £'000	Cliq £'000	Digital Stations £'000	Unallocated £'000	Consolidated £'000
Capital additions	_	22	48	1,111	_	167	1,348
Depreciation	_	(14)	(25)	_	(1)	(89)	(129)
Impairment losses recognised							
in income statement	_		(2)	_	(8)	(20)	(30)
Balance							
Assets							
Segment assets	2,884	3,714	481	1,437	1,118	2,249	11,883
Consolidated total assets							11,883
Liabilities							
Segment liabilities	1,768	389	228	183	570	797	3,935
Liabilities held for sale							241
Consolidated total liabilities							4,176

Assets and liabilities included in Digital Stations represent those items that were not disposed of as part of the sale of the trade and assets of Classic Gold Digital Limited.

Discontinued operations

i) The Digital Stations division, which was discontinued on 30 June 2007, had the following results:

	2008 £'000	2007 £'000
Revenue		
External revenue	1,026	4,382
Total revenue	1,026	4,382
Results		
Segment loss	(385)	(381)

The segment result from discontinued operations stated above is equal to the loss after tax from this discontinued operation disclosed in note 12 (i).

ii) The Oneword Radio Limited operation was discontinued on 11 January 2008, following acquisition of the remaining 51% of shares on 12 December 2007. The operation had the following results:

	£'000	£'000
Revenue		
External revenue as joint venture	22	36
Total revenue	22	36
Results		
Share of losses as joint venture	432	638
Share of joint venture liabilities not attributable to the Group	14	(28)
	446	610
Post-acquisition losses	22	_
Gain on acquisition	(1)	_
	21	-

2007

2008

The segment result from discontinued operations stated above is equal to the loss after tax from this discontinued operation disclosed in note 12 (ii).

3. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

Geographical segments

The Group's operations and assets are located in the United Kingdom. The Group's sales outside the United Kingdom are predominantly made by the Data and Interactive business segment.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods/services:

	2008 €'000	£'000
United Kingdom	15,066	12,705
Europe	12	34
Rest of World	458	507
	15,536	13,246

Revenue from the Group's discontinued operations was derived principally from the United Kingdom.

4. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	Continui	uing operations Discontinued operations		Total	Total	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Net foreign exchange losses	5	20	-	_	5	20
Research and development costs	847	511	_	_	847	511
Depreciation of property, plant and equipment	130	128	_	1	130	129
Impairment of intangible assets	2,009	22	2	8	2,011	30
Impairment of investment in joint venture	-	306	_	_	_	306
Staff costs (see note 6)	3,668	3,129	292	438	3,960	3,567
Impairment loss recognised on trade receivables	2	11	_	90	2	101
Impairment loss recognised on loans						
receivable carried at amortised cost	_	642	466	_	466	642
Cliq development costs	1,171	511	_	_	1,171	511
Cliq costs included in cost of sales	253	_	_	_	253	_

5. AUDITORS' REMUNERATION

	2008	2007
	£'000	£'000
Audit fees:		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	35	7
The audit of the Company's subsidiaries pursuant to legislation	47	73
Total audit fees	82	80
Non-audit fees:		
- Tax services	25	22
- Other services	35	24
- Other services - IFRS transition	20	_
Total non-audit fees	80	46
Total fees paid to the Company's auditors	162	126

A description of the work of the Audit Committee is set out in the Corporate Governance Statement and includes an explanation of how auditor objectivity is safeguarded when non-audit services are provided by the auditor.

Notes to the Financial Statements (continued)

For the year ended 31 March 2008

24 6. STAFF COSTS

The average monthly number of persons employed by the Group during the year, including executive directors, was 76 (2007: 90).

Staff Numbers	2008	2007
Management and administration	26	26
Production, editorial and sales	50	64
	76	90
	2008 £'000	2007 £'000
Wages and salaries	3,275	3,168
Social security costs	360	356
Pension costs	33	43
	3,668	3,567
7. INVESTMENT INCOME	2008 £'000	2007 £'000
Bank interest	222	105
Other investment income	30	_
	252	105
8. OTHER GAINS AND LOSSES		
	2008 £'000	2007 £'000
Profit on disposal of joint venture	-	112
	-	112

No other gains or losses have been recognised in respect of loans and receivables, other than as disclosed in note 12 and impairment losses recognised/reversed in respect of trade receivables (see notes 4 and note 19). No gains or losses have been recognised on financial liabilities measured at amortised cost other than as disclosed in note 20.

9. FINANCE COST

	2008 £'000	2007 £'000
Interest on bank overdraft	-	1
Notional interest on loan notes	-	17
	-	18

10.TAX

	Continuing operations		Discontinued operations		Total	
	2008 &'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Current tax	-	_	_	_	-	_
Prior year adjustment	-	(10)	-	_	-	(10)
Research and development tax credit	(59)	_	-	_	(59)	_
Deferred tax (see note 21)	149	149	-	_	149	149
	90	139	_	_	90	139

Corporation tax is calculated at 30% (2007: 30%) of the estimated assessable profit for the year. Prior year adjustment represents a tax credit received for research and development expenditure incurred in the 2007 financial year.

	2008 £'000	2008 %	2007 £'000	2007
Loss before tax:			2000	
Continuing operations	(2,893)	88%	(723)	65%
Discontinued operations	(406)	12%	(381)	35%
	(3,299)	100%	(1,104)	100%
Tax at the UK corporation tax rate of 30% (2007: 30%)	(990)		(331)	
Tax effect of expenses that are not deductible in determining taxable profit	152		(104)	
Accelerated capital allowances	(32)		48	
Non-taxable items	(644)		159	
Tax effect of non-utilisation of tax losses	1,663		367	
Research and development tax credit	(59)		_	
Tax credit and effective tax rate for the year	90	(3)%	139	(13)%

11. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

IAS 33 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease net loss per share. For a loss-making company with outstanding share options, net loss per share would only be increased by the exercise of out-of-the-money options. Since it seems inappropriate to assume that option holders would act irrationally, no adjustment has been made to diluted EPS for out-of-the-money share options. Therefore the calculation below represents both basic and diluted EPS.

Reconciliation of the loss and weighted average number of shares used in the calculation are set out below.

		Weighted average	Per		Weighted average	5 .
Basic EPS	Loss 2008 £'000	number of shares 2008 Million	share amount 2008 Pence	Loss 2007 £'000	number of shares 2007 Million	Per share amount 2007 Pence
Loss attributable to shareholders: - Continuing and discontinued operations	(3,389)	193	(1.76)	(1,243)	186	(0.67)
Continuing operationsDiscontinued operations	(2,983) (406)	193 193	(1.55) (0.21)	(862) (381)	186 186	(0.46) (0.21)

Notes to the Financial Statements (continued)

For the year ended 31 March 2008

12. DISCONTINUED OPERATIONS

i) Classic Gold Digital Limited

On 30 June 2007 the business and assets, including licences, of Classic Gold Digital Limited, were sold to GCap Media (AM) Limited, a wholly-owned subsidiary of GCap Media plc. On 30 June 2007 the 20% shareholding in Classic Gold Digital Limited held by GCap Media Services Limited (formerly GWR Radio Services Limited) was transferred to UBC Media Group plc and Classic Gold Digital Limited became a wholly-owned subsidiary of UBC Media Group plc and Classic Gold Digital Limited changed its name to Lisson Street (Properties) Limited.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	2008 £'000	2007 £'000
Revenue	1,026	4,382
Expenses	(1,281)	(4,863)
Interest received/(paid)	524	(78)
Profit/(loss) before tax	269	(559)
Attributable tax expense	-	18
Profit/(loss) after tax	269	(541)
Gain on disposal of discontinued operations	3,535	_
Licence costs	(3,665)	_
Inter-company charges	(524)	160
Net loss attributable to discontinued operations	(385)	(381)

During the year, Classic Gold Digital Limited returned \$451,000 (2007 utilised: \$119,000) of the Group's net operating cash flows, paid \$Nil (2007: \$Nil) in respect of investing activities and received \$Nil (2007: \$3,000) in respect of financing activities.

The licence cost charge includes a provision for the ongoing commitment attributable to non-cancellable licences which runs to 2014. These licences were used to broadcast the Classic Gold Digital service (see note 22).

A profit of \$3,535,000 arose on the disposal of the operations of Classic Gold Digital Limited, representing the proceeds of disposal less associated costs. Net assets and liabilities of the business at disposal remained with the Group.

	2008 £'000	2007 £'000
Total consideration (cash)	3,950	_
Cost of disposal	(156)	_
Contribution to licences	(500)	_
Financing costs	(96)	_
Loan write back	337	-
Gain on disposal	3,535	_

No cash was disposed of.

The effect of discontinued operations on segment results is disclosed in note 3.

This operation has been classified as a disposal group held for sale and presented separately in the balance sheet in 2007. The proceeds of disposal substantially exceeded the book value of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale.

The major classes of assets and liabilities comprising the operations classified as held for sale were as follows:

	2008 £'000	2007 £'000
Licences	-	40
Total assets classified as held for sale	-	40
Net assets of disposal group	-	40
Loan notes	-	241
Total liabilities classified as liabilities held for sale	-	241

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12. DISCONTINUED OPERATIONS (CONTINUED)

ii) Oneword Radio Limited

On 12 December 2007, the Group acquired all the shares in Oneword Radio Limited held by 4 Ventures Limited for a consideration of $\mathfrak{L}1$, bringing its shareholding to 100%. At this date, the Group acquired net liabilities of $\mathfrak{L}812,000$. On 11 January 2008 the Group made the decision to discontinue the Oneword Radio Limited operation.

The results of the discontinued operations which have been included in the consolidated income statement were as follows:

	2008 £'000
Revenue	-
Expenses	(22)
Gain on acquisition	1
Net loss attributable to discontinued operations	(21)

During the year the Group invested £466,000 (2007: £642,000) in the Oneword Radio Limited joint venture. On 12 December 2007 a decision was taken to waive all loans owed by Oneword Radio Limited to The Unique Broadcasting Company Limited and to provide no further funding to Oneword Radio Limited.

The effect of discontinued operations on segment results is disclosed in note 3.

13. GOODWILL

		2008
		£'000
Cost		
At 1 April 2007		2,834
Impairment		_
At 31 March 2008		2,834
Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGU) that are expected to benefit from that business combination. After recognition of impairment losses, the carrying amount of goodwill has been allocated as follows:	2008 &'000	2007 £'000
Programme Production:		
Smooth Operations (Productions) Limited	2,834	2,834

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGU are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax interest rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year and extrapolates cash flows for the following ten years based on a growth rate of zero per cent. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows of Smooth Operations (Productions) Limited is 7.5%.

14. INTANGIBLE ASSETS

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	Software costs £'000	Intangible assets £'000	Capitalised development costs £'000	Total £'000
At 1 April 2006 as previously reported	_	60	326	386
Software assets reclassified from tangible assets	24	_	_	24
At 1 April 2006 restated	24	60	326	410
Additions	4	_	1,111	1,115
Disposals	(3)	_	_	(3)
Impairment	(18)	(12)	_	(30)
Reclassification as asset held for sale	_	(40)	-	(40)
At 1 April 2007	7	8	1,437	1,452
Additions	_	_	557	557
Impairment	(7)	(8)	(1,994)	(2,009)
At 31 March 2008	-	-	_	_

Development costs have been capitalised in accordance with IAS 38 "Intangible assets". The costs are related to the development of the music downloading service Cliq. On 10 June 2008 the directors decided to close the loss-making mobile phone version of the Cliq music downloading service and the Group will instead concentrate on providing a business-to-business solution to manufacturers of connected devices. The Group has carried out an impairment review as required by IAS 36 - "Impairment of Assets" and has impaired its investment in Cliq in full.

15. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold £'000	Computer equipment £'000	Office equipment £'000	Technical equipment £'000	Total £'000
Cost					
At 1 April 2006 as previously reported	88	1,024	702	171	1,985
Software assets reclassified as intangible asset	_	(119)	_	(14)	(133)
At 1 April 2006 restated	88	905	702	157	1,852
Additions	_	58	128	47	233
Disposals	(88)	(798)	(607)	(83)	(1,576)
At 1 April 2007	_	165	223	121	509
Additions	_	68	5	11	84
Disposals	_	(15)	_	_	(15)
At 31 March 2008	-	218	228	132	578
Depreciation					
At 1 April 2006 as previously reported	88	927	635	146	1,796
Software assets reclassified as intangible asset	_	(95)	-	(14)	(109)
Revaluation	_	17	-	-	17
At 1 April 2006 restated	88	849	635	132	1,704
Charge for year	_	55	42	32	129
Disposals	(88)	(799)	(602)	(83)	(1,572)
Revaluation reversal	_	(17)	_	_	(17)
At 1 April 2007	_	88	75	81	244
Charge for year	_	58	41	31	130
Disposals	-	(15)	_	_	(15)
At 31 March 2008	_	131	116	112	359
Net book value					
At 31 March 2008		87	112	20	219
At 31 March 2007	-	77	148	40	265
At 31 March 2006	_	56	67	25	148

16. SUBSIDIARIES

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note B to the Company's separate financial statements.

17. INTERESTS IN JOINT VENTURES

Aggregated amounts relating to joint ventures:

	2008 £'000	2007 £'000
Total assets	_	245
Total liabilities	(14)	(1,876)
	(14)	(1,631)
Cash investment in joint ventures	-	1,603
	(14)	(28)
Share of joint venture liabilities not attributable to the Group	14	28
	-	-
Revenues	22	36
Loss	(432)	(638)

A list of the significant investments in joint ventures, including the name, country of incorporation and proportion of ownership interest is given in note B to the Company's separate financial statements.

The Group acquired the remaining 51% shareholding in the Oneword Radio Limited joint venture on 12 December 2007 and discontinued the operation on 11 January 2008.

18. INVESTMENTS

	2008 £'000	2007 £'000
Available-for-sale investments carried at fair value	150	_

The investment represents a 7.5% share in 4 Digital Group Limited.

19. TRADE AND OTHER RECEIVABLES

	2008 £'000	2007 £'000
Amount receivable for the sale of goods	1,585	4,807
Allowance for doubtful debts	(137)	(131)
	1,448	4,676
Other debtors	118	18
Accrued income	1,527	256
Prepayments	457	348
Amounts owed by joint ventures	-	2
Corporation tax	-	14
	3,550	5,314

The average credit period taken on sales of goods and services is 37 days. No interest is charged on receivables. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience and likelihood of recovery as assessed by the directors.

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. The directors believe that the majority of the trade receivables that are past due but not impaired are of a good credit quality. Of the trade receivables balance at the end of the year, £468,000 is due from BJK & E Media plc (2007: GCap Media plc £719,000), the Group's largest customer.

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

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Customers that represent more than 5% of the total balance of trade receivables are:

	2008 £'000	2007 £'000
BJK & E Media plc	468	_
Mediacom Group	413	140
XM Satellite Radio Limited	204	294
Starcom Motive Limited	91	316
GCap Media plc	-	719
Carat Limited	-	575
Mindshare Media UK Limited	-	439
Initiative Media London Limited	-	423
BBC	-	389
Proctor & Gamble UK Limited	-	344

Included in the Group's trade receivable balance are debtors with a carrying amount of \$303,000 (2007: \$2,174,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 74 days (2007: 67 days).

Ageing of past due but not impaired receivables

	2008 £'000	2007 £'000
30-60 days	116	1,517
60-90 days	166	261
90-120 days	-	235
120+ days	21	161
Total	303	2,174
Movement in the allowance for doubtful debts		
	2008 £'000	2007 £'000
Balance at the beginning of the period	131	30

Balance at the beginning of the period	131	30
Impairment losses recognised	44	101
Amounts written off as uncollectible	(33)	_
Amounts recovered during the year	(5)	-
Balance at the end of the period	137	131

In determining the recoverability of trade receivables the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts there are no individually impaired trade receivables which have been placed under liquidation (2007: \$\Si\text{il}\). Any impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

Ageing of impaired trade receivables

	2008 £'000	2007 £'000
Current	-	95
30-60 days	-	_
60-90 days	-	_
90-120 days	-	_
120+ days	137	36
Total	137	131

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

20. TRADE AND OTHER PAYABLES

	£'000	£'000
Trade creditors	341	1,360
Other taxes and social security	41	312
Accrued costs	2,040	1,754
Deferred income	296	360
	2,718	3,786

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 44 days (2007: 53 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

The directors consider that the carrying amount of trade payables approximates to their fair value.

21. DEFERRED TAX

	Accelerated tax depreciation £'000	Total £'000
At 1 April 2007	149	149
Charge to income	149	149
At 31 March 2008	298	298

At the balance sheet date, the Group has unused trading tax losses of $\mathfrak{L}3,183,000$ (2007: $\mathfrak{L}3,587,000$) and $\mathfrak{L}175,000$ (2007: $\mathfrak{L}321,000$) of unused capital allowances available for offset against future profits.

22. PROVISIONS

	2008 £'000	2007 £'000
Onerous lease provisions	3,396	
	3,396	_

The company has provided for the costs attributable to non-cancellable licences which run to 2014 on the basis of the discounted present value of future payments (2007: £Nil), see also note 12.

23. SHARE CAPITAL

Group	2008 £'000	2007 £'000
Authorised:		
200,000,000 ordinary shares of 1p each	2,000	2,000
Allotted, called up and fully paid:		
192,736,212 ordinary shares of 1p each (2007: 192,736,212)	1,927	1,927

Issued share capital

The Group has one class of ordinary shares which carry no right to fixed income.

During the year ended 31 March 2008, no new shares were issued.

During the year ended 31 March 2008, no share options were exercised.

24. SHARE PREMIUM ACCOUNT AND RESERVES

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Share premium account £'000	Other reserves £'000	Profit and loss £'000
At 1 April 2007 18,676	(801)	(12,095)
Retained loss for the year –	_	(3,389)
At 31 March 2008 18,676	(801)	(15,484)
25. RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
	2008 £'000	2007 £'000
Operating loss before interest	(2,699)	(309)
(Profit)/loss on sale of fixed assets	(1)	8
Impairment of intangible assets	2,009	22
Impairment of intelligence assets	_,000	306
Depreciation of tangible fixed assets	130	128
Revaluation reversal	-	(17)
Increase in work in progress	(13)	(9)
Decrease/(increase) in debtors	731	(1,536)
(Decrease)/increase in creditors	(707)	265
Net cash outflow from operating activities	(550)	(1,142)
Their cash outflow from operating activities	(330)	(1,142)
As discussed in note 1 an amount of £1,996,000 has been reclassified from continuing operations to discontinued operations in 2007 in order to conform to current year presentation. 26. OPERATING LEASE ARRANGEMENTS		
The Group as lessee		0007
	2008 £'000	2007 £'000
Minimum lease payments under operating leases recognised as an expense in the year	1,663	1,205
At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:		
	2008 £'000	2007 £'000
Within one year	1,529	1,190
In the second to fifth year inclusive	4,640	4,411
After five years	378	1,200

Operating lease payments represent rentals payable by the Group for licence fees on certain of its office properties and equipment. Leases are negotiated for an average term of 1 year and licence rentals are fixed for an average of 6 years.

27. SHARE-BASED PAYMENTS

Certain members of staff and the Employee Benefit Trust hold options to subscribe for shares in the Company at prices ranging from 1p to 48.5p per share under (i) the unapproved share option scheme (approved on 6 June 2000) and (ii) the Enterprise Management Incentive Scheme (approved on 20 October 2000).

	2008 Options	Weighted average exercise price	2007 Options	Weighted average exercise price
Outstanding at beginning of period	11,732,019	23.4p	12,479,519	23.0p
Granted during the period	3,750,000	9.8p	_	_
Forfeited during the period	205,000	48.5p	275,000	32.5p
Exercised during the period	-	-	472,500	6.4p
Outstanding at end of period	15,277,019	19.7p	11,732,019	23.4p
Exercisable at end of period	12,034,764	20.5p	8,537,264	25.8p

No share options were exercised during the period (2007: 472,500 at a weighted average share price of 6.4p). The options outstanding at 31 March 2008 had a weighted average exercise price of 19.7p (2007: 23.4p) and a weighted average remaining contract life of 3 years (2007: 2 years). The Group has not recognised a share-based payment charge for the current or previous year.

28. RETIREMENT BENEFIT SCHEMES

Defined contribution schemes

The Group operates defined contribution retirement benefit schemes for all qualifying employees. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The total cost charged to income of \$34,000 (2007: \$43,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 March 2008, no contributions due in respect of the current reporting period had not been paid over to the schemes (2007: \$Nil).

29 RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associates are disclosed below.

Trading transactions

During the year, Group companies entered into the following transactions with related parties who were not members of the Group:

	Sale	Sales of goods and services		Amounts owed by related parties	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	
Oneword Radio Limited	112	364	-	1,145	
The Digizone Limited	-	7	458	458	

The Digizone Limited is a joint venture of the Group; the Group purchased the remaining 51% share capital of Oneword Radio Limited during the year and the operation was discontinued. The amount disclosed represents transactions prior to the acquisition date (see note 12).

Sales of goods and services to related parties were made at the Group's usual list prices.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties this year.

Notes to the Financial Statements (continued)

For the year ended 31 March 2008

29. RELATED PARTY TRANSACTIONS (CONTINUED)

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual directors is provided in the audited part of the Directors' Remuneration Report on page 12.

	2008 £'000	2007 £'000
Short-term employment benefits	620	632
Post-employment benefits	12	15
Termination benefits	114	_
Gains made on exercise of share options	-	104
	746	751

There were no transactions with directors during the year.

30. FINANCIAL INSTRUMENTS

Capital risk management

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The Group manages its capital to ensure that entities in the Group will be able to meet their financial obligations as they arise while maximising the return to stakeholders. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 23 to 24.

The Group does not have any external borrowings. At 31 March 2008, there were no loan notes included in liabilities held for sale (2007: Fair value £241,000).

	As at 1 April	Cash	As at 31 March
Analysis of net funds	2007 £'000	flow €'000	2008 £'000
Cash in hand and at bank	1,933	1,986	3,919
	1,933	1,986	3,919

At 31 March 2008, the Group had available £1,000,000 (2007: £2,000,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Categories of financial instruments

	2008 £'000	2007 £'000
	£.7000	£.000
Financial assets		
Cash and cash equivalents	3,919	1,933
Receivables	1,448	4,676
Other receivables	1,645	290
Available-for-sale financial assets	150	-
Financial liabilities		
Trade	(341)	(1,360)
Accrued costs	(1,862)	(1,639)
Other payables	(41)	(312)

The carrying amounts of financial assets and financial liabilities recorded at amortised cost approximates their fair values.

30. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives

It is, and has been throughout the year under review, the Group's policy not to use or trade in derivative financial instruments.

The Group's financial instruments comprise its cash and cash equivalents, loans to its joint ventures and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of the financial liabilities is to provide finance for the Group's operations in the year between raising equity funding. The main purpose of the financial assets is to provide some finance to its joint ventures or as a store of liquid resources.

The Group has limited exposure to foreign currency risk; thus the main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing these risks and they are summarised below. These policies have remained unchanged throughout the year under review.

Interest rate risk management

The Group primarily finances its operations through raising equity finance from its shareholders and thus is not generally exposed to interest rate risk on financial liabilities.

The loans to joint ventures are in the nature of quasi-equity and do not bear interest. Consequently, the Group bears the loss on return on these investments.

The Group's policy is to ensure that it maximises the interest income on surplus cash. This involves placing cash in a mix of fixed rate and floating rate short-term deposits. There is no prescribed ratio of fixed to floating rate.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance sheet date. For floating rate cash deposits, the analysis is prepared using the average of the amount of cash at each month-end throughout the year.

If interest rates had been 0.5% lower and all other variables were held constant, the Group's loss for the year ended 31 March 2008 would increase by £20,000 (2007: £12,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate deposits.

The Group's sensitivity to interest rates has increased during the current period mainly due to the increase in variable rate deposits.

Other price risks

The Group is not exposed to equity price risks arising from equity investments. The shares included above represent investments in unlisted equity securities that present the Group with opportunity for return through dividend income and trading gains. Equity investments designated as available for sale are held for strategic rather than trading purposes. The Group does not actively trade these investments.

Equity price sensitivity analysis

The Group was not exposed to equity price risk in the current or prior year.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities after assessing credit quality using independent rating agencies and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits.

Trade receivables consist principally of publicly funded and commercial broadcast companies as well as advertising agencies and corporate advertisers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defined counterparties as having similar characteristics if they are connected entities. Concentration of credit did not exceed 5% of gross monetary assets at any time during the year.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, which is net impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained:

30. FINANCIAL INSTRUMENTS (CONTINUED)

	Maximum o	credit risk
	2008	2007
	£'000	€,000
Trade and other receivables	3,093	4,966

The table below shows the credit limit and balance of 5 major counterparties at the balance sheet date.

	2008		2007	
Counterparty	Credit limit £'000	Carrying amount £'000	Credit limit £'000	Carrying amount £'000
BJK & E Media plc	1,000	468	1,000	_
Mediacom Group	1,000	413	1,000	140
XM Satellite Radio	500	204	500	294
Starcom Motive Limited	500	91	500	316
News International Newspapers	250	32	250	

Liquidity risk management

The Group's policy throughout the year has been to ensure continuity of funds. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following table details the Group's expected maturity for its financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial asset including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 month £'000	1-3 months £'000	3 months to 1 year £'000	1-5 years £'000	5+ years £'000	Total £'000
2008							
Non-interest bearing	_	3,093	_	_	_	_	3,093
Variable interest rate instruments	5.5	3,919	_	_	_	_	3,919
2007							
Non-interest bearing	_	4,966	_	_	_	_	4,966
Variable interest rate instruments	4.2	1,933	_	_	_	_	1,933

The Group expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

All financial liabilities are non-interest bearing and fall due within one month.

Fair value of financial instruments

The fair value of other non-derivative financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

31. EVENTS AFTER THE BALANCE SHEET DATE

The Group has signed a letter of intent (the 'LOI') with Global Traffic Network, Inc. ("GNET"), a Nasdaq listed leading provider of custom traffic and news reports to radio and television stations outside the U.S., under which GNET has agreed, subject to contract and UBC shareholder approval, to acquire the Commercial Division of UBC Media Group plc ("UBC") via a purchase of the share capital of a wholly owned subsidiary of UBC.

Pursuant to the terms of the LOI, it is intended that GNET will acquire UBC's Commercial Division for £11 million, with provisions for an earn-out which has the potential to deliver additional payments of up to £5.5 million depending upon the Commercial Division achieving certain turnover targets in the 12 months following its sale. The planned acquisition is subject to completion of due diligence and negotiation of a mutually acceptable share purchase agreement and is expected to close, subject among other things to approval by UBC's shareholders, on or before 20 October, 2008.

On 10 June 2008 the loss-making mobile phone version of its Cliq music downloading service was closed and the Group is concentrating on providing a business-to-business solution to manufacturers of connected devices.

Parent Company Balance Sheet

As at 31 March 2008

	Notes	2008 £'000	2007 £'000
Fixed asset investments	В	2,516	2,446
Current assets		,-	, -
Debtors			
- due after more than one year	С	_	1,197
- due within one year	С	9,824	13,410
		9,824	14,607
Cash at bank and in hand		3,276	1,070
		13,100	15,677
Creditors: amounts falling due within one year	D	(134)	(11)
Net current assets		12,966	15,666
Total assets less current liabilities		15,482	18,112
Creditors: amounts falling due after more than one year	E	(3,396)	-
Net assets		12,086	18,112
Capital and reserves			
Called up share capital		1,927	1,927
Share premium account		18,676	18,676
Profit and loss account		(8,517)	(2,491)
Shareholders' funds		12,086	18,112

The company balance sheet and related notes were approved by the board of directors on 21 July 2008 and were signed on its behalf by:

G.D.Rigby Director S.A.Cole Director

Parent Company Reconciliation of Shareholder's Funds

For the year ended 31 March 2008

	Share Capital £'000	Share premium account £'000	Accumulated losses £'000	Total £'000
At 1 April 2007	1,927	18,676	(2,491)	18,112
Loss for the period	-	_	(6,026)	(6,026)
At 31 March 2008	1,927	18,676	(8,517)	12,086

Notes to the Parent Company Financial Statements

For the year ended 31 March 2008

A. PRINCIPAL ACCOUNTING POLICIES

The parent company financial statements are presented as required by the Companies Act 1985. They have been prepared in accordance with applicable law and accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied throughout the current and prior year except as noted, is set out below.

As permitted by s230 of the Companies Act 1985, the company has not presented its own profit and loss account.

Fixed asset investments

Fixed asset investments are shown at cost less provision, if appropriate, for any impairment.

Taxation

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Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation arises as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. The deferred tax liability that is the result of timing differences that are not permanent is recognised in full. Deferred tax assets are only recognised to the extent that, on the basis of all available evidence, they are recoverable. Deferred tax assets and liabilities recognised have not been discounted.

Costs of share options schemes

As a result of the grant of share options under an unapproved share option scheme since 6 April 1999, the Group will be obliged to pay National Insurance contributions on the difference between the market value of the underlying shares and their exercise price when the options are exercised. The liability is estimated using the market value of the Company's shares at each balance sheet date. The movement in the provision is charged or credited to the profit and loss account as a staff cost.

The Group is also obliged to pay National Insurance contributions on the difference between the market value at the date of the grant (or the market value at each balance sheet date, if lower) and the option price for share options issued under the Enterprise Management Incentive Scheme.

Costs incurred on issue of shares

No costs were charged to the share premium account in the year (2007: £59,000).

Independent Auditors' Report to the Members of UBC Media Group Plc

We have audited the parent company financial statements of UBC Media Group plc for the year ended 31 March 2008 which comprise the company balance sheet and the parent company reconciliation of shareholders' funds and the related notes A to E. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the group financial statements of UBC Media Group plc for the year ended 31 March 2008 and on the information in the directors' remuneration report that is described as having been audited

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the parent company financial statements give a true and fair view and whether the parent company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the Directors' Report is consistent with the parent company financial statements.

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

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited parent company financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008;
- the parent company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the parent company financial statements.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors London

21 July 2008

Notes to the Parent Company Financial Statements (continued)

For the year ended 31 March 2008

B. FIXED ASSET INVESTMENTS

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	2008 £'000	2007 £'000
	£7000	£ 000
At 1 April	2,446	2,446
Additions in year	150	_
Disposals	(80)	-
At 31 March	2,516	2,446

During the year the company purchased 7.5% of shares in 4 Digital Group Limited for £150,000.

The company purchased the remaining 20,000 shares in Lisson Street (Properties) Limited ("LSP", formerly Classic Gold Digital Limited) for $\mathfrak L 1$ as part of the sale of that company's operations. The company wrote off the carrying value of its investment in LSP following disposal of the operations of that company in June 2007 as detailed in note 12 to the consolidated financial statements.

PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

	Ordinary shares held 2008 %	Ordinary shares held 2007 %	Principal activity
Subsidiaries: immediate holding company UBC Media Group plc			
The Unique Broadcasting Company Limited	100	100	Radio production and advertising sales
Lisson Street (Properties) Limited (formerly Classic Gold Digital Limited)	100	80	Radio broadcasting
Smooth Operations (Productions) Limited	100	100	Radio production
Joint venture of UBC Media Group plc			
The Digital News Network Limited	-	-	Provision of news programmes to digital radio
The Digizone Limited	50	50	Dormant
Subsidiary (formerly joint venture) of The Unique Broadcasting Company Limited	400	40	
Oneword Radio Limited	100	49	Radio broadcasting

On 12 December 2007 The Unique Broadcasting Company Limited purchased the remaining 51% of shares in Oneword Radio Limited.

All joint ventures companies are registered in England and Wales as private companies limited by shares. The joint ventures have been included in the Group accounts for the year ended 31 March 2008 using the following accounting periods:

The Digizone Limited Year ended 31 March 2008

All companies listed above are registered and incorporated in England and Wales.

C. DEBTORS

Due within one year

	2008 £'000	2007 £'000
Trade debtors	-	_
Amounts owed by Group undertakings	9,593	13,410
Prepayments and accrued income	231	_
	9,824	13,410
Due after more than one year		
Amounts owed by Group undertakings	-	1,197
	9,824	14,607

Due after more than one year

On 30 June 2007 the business and assets, including licences, of Classic Gold Digital Limited, were sold to GCap Media (AM) Limited, a wholly-owned subsidiary of GCap Media plc. On 30 June 2007 the 20% shareholding in Classic Gold Digital Limited held by GCap Media Services Limited (formerly GWR Radio Services Limited) was transferred to UBC Media Group plc and Classic Gold Digital Limited became a wholly-owned subsidiary of UBC Media Group plc and Classic Gold Digital Limited changed its name to Lisson Street (Properties) Limited ("LSP"). LSP repaid the loan notes owed to the Company with the proceeds.

D. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Accruals and deferred income	134	11
	134	11
E. PROVISIONS FOR LIABILITIES AND CHARGES		
	2008 £'000	2007 £'000
Onerous lease provisions	3,396	_
	3,396	_

The company has provided for the costs attributable to non-cancellable licences which run to 2014 on the basis of the discounted present value of future payments (2007: \$Nil).

Appendix 1 – First-Time Adoption of International Financial Reporting Standards

This statement has been prepared in accordance with the revised accounting policies set out in note 1 above. These policies have been revised from those published in the Group's 2007 Report and Accounts following the Group's transition to reporting under IFRS. The following notes and reconciliations provide an explanation of the impact of the transition to IFRS.

First-time adoption of IFRS

The rules for first-time adoption of IFRS are set out in IFRS 1 'First Time Adoption of International Financial Reporting Standards'. The Group is required to establish its IFRS accounting policies which it will use to prepare its results for the year to 31 March 2008 and, in general, apply these retrospectively to determine its opening balance sheet under IFRS at the date of transition, 1 April 2006. The standard permits certain optional exemptions from this general principle. The Group has elected to take the following principal exemptions and the information presented has been prepared on this basis.

Business combinations prior to the date of transition (IFRS 3, "Business Combinations")

The Group has elected not to apply IFRS 3 retrospectively to business combinations which occurred prior to the date of transition.

Share-based Payments (IFRS 2, "Share-based Payment")

The Group has elected to apply IFRS 2 to all relevant share-based payment transactions granted on or before 7 November 2002 and after 7 November 2002 that had not vested before the later of a) transition date and b) 1 January 2005.

Reconciliation of UK GAAP to IFRS

The following reconciliations are presented below in order to explain the effect of the transition to IFRS and to show how the comparative results have been restated.

- Reconciliation of profit for the year ended 31 March 2007
- Reconciliation of equity at 1 April 2006
- Reconciliation of equity at 31 March 2007

The IFRS adjustments included within these reconciliations are explained below.

RECONCILIATIONS FROM UK GAAP TO IFRS

AUDITED RECONCILIATION TO PROFIT FOR THE YEAR ENDED 31 MARCH 2007

Cost of sales (12,961) - - - 3,151 - (9) Gross profit 4,667 - - - (1,231) - 3, Administrative expenses (5,114) 531 - - 1,633 22 (2, Impairment fixed asset investment (306) - - - - - - - - - (2,633) 22 (2,22) (2,22) (2,22) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) (2,23) </th <th></th> <th>UK GAAP £'000</th> <th>Goodwill amortisation £'000 Note (a)</th> <th>Joint venture £'000 Note (b)</th> <th>Minority interest £'000 Note (c)</th> <th>Discontinuing operations £'000 Note (d)</th> <th>Other £'000 Note (e)−(g)</th> <th>IFRS £'000</th>		UK GAAP £'000	Goodwill amortisation £'000 Note (a)	Joint venture £'000 Note (b)	Minority interest £'000 Note (c)	Discontinuing operations £'000 Note (d)	Other £'000 Note (e)−(g)	IFRS £'000
Cost of sales (12,961) - - - 3,151 - (8) Gross profit 4,667 - - - (1,231) - 3, Administrative expenses (5,114) 531 - - 1,633 22 (2, Impairment fixed asset investment (306) - - - - - - - - - - (2,000) - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - <	Continuing operations							
Gross profit 4,667 - - - (1,231) - 3, Administrative expenses (5,114) 531 - - 1,633 22 (2,10) Impairment fixed asset investment (306) - - - - - - - - (6,114) - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Revenue	17,628	_	-	_	(4,382)	_	13,246
Administrative expenses (5,114) 531 1,633 22 (2,114) 1	Cost of sales	(12,961)	_	_	_	3,151	_	(9,810)
Impairment fixed asset investment	Gross profit	4,667	-	-	-	(1,231)	-	3,436
Costs associated with development of music downloading (511) - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Administrative expenses	(5,114)	531	_	-	1,633	22	(2,928)
of music downloading (511) - - - - - 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 <td>Impairment fixed asset investment</td> <td>(306)</td> <td>_</td> <td>-</td> <td>_</td> <td>_</td> <td>_</td> <td>(306)</td>	Impairment fixed asset investment	(306)	_	-	_	_	_	(306)
New theoretic costs	Costs associated with development							
Investment revenues	of music downloading	(511)	_	_	_	_	_	(511)
Finance costs	Operating loss	(1,264)	531	_	-	402	22	(309)
Other gains and losses 112 - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - </td <td>Investment revenues</td> <td>105</td> <td>-</td> <td>_</td> <td>_</td> <td>(3)</td> <td>_</td> <td>102</td>	Investment revenues	105	-	_	_	(3)	_	102
Share of results of joint ventures (638) - 28 - - - (638) - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - <td>Finance costs</td> <td>_</td> <td>_</td> <td>-</td> <td>_</td> <td>_</td> <td>(18)</td> <td>(18)</td>	Finance costs	_	_	-	_	_	(18)	(18)
Loss before tax (1,685) 531 28 - 399 4 (Tax 28 (18) (149) (Loss for the period from continuing operations (1,657) 531 28 - 381 (145) (Discontinued operations: Loss for the period from discontinued operations (381) - (145) (1,657) (1,657) 531 28 (145) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1,657) (1	Other gains and losses	112	_	-	_	_	_	112
Tax 28 - - - - (18) (149) (18) Loss for the period from continuing operations (1,657) 531 28 - 381 (145) (18) Discontinued operations: Loss for the period from discontinued operations - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Share of results of joint ventures	(638)	_	28	_	_	_	(610)
Loss for the period from continuing operations (1,657) 531 28 - 381 (145) (Discontinued operations: Loss for the period from discontinued operations (381) - (145) (1,657) 531 28 (145) (1,657) (1,657) 531 28 (112)	Loss before tax	(1,685)	531	28	-	399	4	(723)
Discontinued operations: — 381 (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) (145) <td>Tax</td> <td>28</td> <td>-</td> <td>_</td> <td>_</td> <td>(18)</td> <td>(149)</td> <td>(139)</td>	Tax	28	-	_	_	(18)	(149)	(139)
Discontinued operations: Loss for the period from discontinued operations - - - - - (381) - - (145) (1,657) 531 28 - - (145) (1,657) (1,657) - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - - -	Loss for the period from							
Loss for the period from discontinued operations - - - - - (381) - (28) Loss for the period (1,657) 531 28 - - (145) (1,657) Equity minority interest 112 - - (112) - - -	continuing operations	(1,657)	531	28	_	381	(145)	(862)
discontinued operations - - - - - (381) - (181) Loss for the period (1,657) 531 28 - - (145) (1,657) Equity minority interest 112 - - (112) - - -	Discontinued operations:							
Loss for the period (1,657) 531 28 (145) (1,657) Equity minority interest 112 (112)	Loss for the period from							
Equity minority interest 112 (112)	discontinued operations	_	_	_	_	(381)	_	(381)
	Loss for the period	(1,657)	531	28	_	-	(145)	(1,243)
Group loss for the period (1,545) 531 28 (112) - (145) (1.	Equity minority interest	112	-	-	(112)	_	-	-
	Group loss for the period	(1,545)	531	28	(112)	-	(145)	(1,243)

RECONCILIATIONS FROM UK GAAP TO IFRS

AUDITED RECONCILIATION OF CONSOLIDATED STATEMENT OF EQUITY AS AT 1 APRIL 2006

		Share	Share Shares to	Share premium	Other	Accumulated		Minority	
	Note	Capital £'000	be issued £'000	account £'000	reserves £'000	losses £'000	Total £'000	interest £'000	Total £'000
At 1 April 2006 as									
previously reported		1,748	494	15,389	(801)	(10,395)	6,435	(492)	5,943
Minority interest	С	_	_	_	_	(492)	(492)	492	_
Holiday benefits	е	_	_	_	_	(62)	(62)	_	(62)
Loan interest	f	_	_	_	_	114	114	_	114
Other	g	-	-	_	_	(17)	(17)	-	(17)
At 1 April 2006 as restated		1,748	494	15,389	(801)	(10,852)	5,978	-	5,978

AUDITED RECONCILIATION OF CONSOLIDATED STATEMENT OF EQUITY AS AT 31 MARCH 2007

	Note	Share Capital £'000	Shares to be issued £'000	Share premium account £'000	Other reserves £'000	Accumulated losses £'000	Total £'000	Minority interest £'000	Total £'000
At 31 March 2007 as									
previously reported		1,927	-	18,676	(801)	(11,940)	7,862	(604)	7,258
Goodwill amortisation	а	-	_	_	_	531	531	_	531
Joint venture	b	_	_	_	_	28	28	_	28
Minority interest	С	_	_	_	_	(604)	(604)	604	_
Holiday benefits	е	_	_	_	_	(57)	(57)	_	(57)
Loan interest	f	_	_	_	_	96	96	_	96
Other	g	_	_	-	_	(149)	(149)	_	(149)
At 31 March 2007 as restate	ed	1,927	_	18,676	(801)	(12,095)	7,707	-	7,707

NOTES TO IFRS ADJUSTMENTS

a) IFRS 3 Business combinations - Goodwill

Under IFRS goodwill is not amortised. IFRS 3, "Business Combinations" requires that goodwill is subject to annual impairment reviews. As the Group has elected not to apply IFRS 3 retrospectively to business combinations which occurred prior to 1 April 2006, the UK GAAP goodwill balance at 31 March 2006 has been included in the opening IFRS balance sheet at 1 April 2006. Goodwill amortisation charged to the income statement in the period to 31 March 2007 has been added back to profits.

The Group has also conducted an impairment review of goodwill at 1 April 2006 in accordance with the requirements of IAS 36 Impairment of Assets. No opening IFRS impairment charge on goodwill has been done. Under UK GAAP, where no indicator of impairment was apparent to management, no review was required to be performed. Under IFRS an impairment review is required of all goodwill balances regardless of whether or not an indication of impairment is apparent.

b) IAS 28 Investment in associates - Joint venture

IAS 28 establishes a principle of equity accounting whereby, when an investor's share of losses of an associate equals or exceeds its "interest in the associate", the investor discontinues recognising its share of further losses. As the Group equity-accounts for its investments in joint ventures, this principle is also applied where the Group has incurred losses in excess of the joint venture investment. These amounts have been added back to profit for the period.

If the joint ventures subsequently reports profits, the Group will resume recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

c) IAS 27 Consolidated and separate financial statements – Minority interest

Where losses applicable to the minority exceed the minority interest in the equity of the relevant subsidiary, the excess, and any further losses attrib-

utable to the minority, are charged to the Group unless the minority has a binding obligation to, and is able to, make good the losses.

The Group has adjusted its profits by the previously reported recoverable minority interest.

d) IFRS 5 Non-current assets held for sale and discontinued operations

Non-current assets held for sale and the assets of a disposal group held for sale are presented separately from other assets in the balance sheet. Similarly, the liabilities of a disposal group held for sale are presented separately from other liabilities in the balance sheet.

The Group has reclassified assets and liabilities disposed of as part of the sale of the trade and assets of Classic Gold Digital Limited.

e) IAS 19 Employee benefits - Holiday benefit

Under IAS 19, all accumulating employee-compensated absences that are unused at the balance sheet date must be recognised as a liability. There is no similar requirement under UK GAAP. Employee benefits which fall within the scope of IAS 19 have been recognised in the Group's balance sheet.

f) IAS 39 Financial instruments and measurement

IAS 39 requires loans to be carried at amortised cost calculated using the effective interest rate method. The Group has measured the $\mathfrak L337,\!000$ interest-free loan from GCAP Media plc on this basis. The difference between the nominal value of the loan and the present value at the date of inception has been taken to equity. The implied interest charge on remeasurement is taken to profit for the period.

g) Other

Other adjustments have been made in respect IAS 16 Property plant and equipment and IAS 12 Income taxes.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the eighth Annual General Meeting of the Company will be held at the offices of Wragge & Co LLP, at 3 Waterhouse Square, 142 Holborn, London EC1N 2NH on 29 August 2008 at 11.00a.m. for the following purposes:

Ordinary Business:

- To receive the report of the directors and the financial statements of the Company for the year ended 31 March 2008.
- To re-appoint Deloitte & Touche LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be fixed by the directors.
- To re-elect S.A. Cole who retires by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
- To re-elect J. Hodson who retires by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
- To re-elect G.D. Rigby who was appointed during the year and retires in accordance with section 86 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
- To approve the Directors' Remuneration Report for the year ended 31 March 2008.

Special Business:

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

THAT the directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to a maximum nominal amount of $\pounds 289,104$ provided that this authority shall expire fifteen months from the date of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company in 2009, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

THAT, subject to and conditionally upon the passing of resolution No.7 above, the directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (as defined in section 94 (2) of that Act) for cash pursuant to the authority conferred by that resolution as if section 89 (1) of the said Act did not apply to such allotment, PROVIDED that the power hereby conferred shall be limited:

- i) to the allotment of equity securities in connection with a rights issue in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to their holdings of such shares subject to such exclusions or entitlements, statutory restrictions or legal or practical problems under or resulting from the application of the laws of any territory or the requirements of any recognised regulatory body or stock exchange in any territory; and
- ii) to the allotment (otherwise than pursuant to the sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £192,736 being 10% of the issued share capital as shown by the latest published annual accounts of the Company,

and shall expire fifteen months from the date of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company in 2009, save that the Company may before such expiry make an offer or agreement

which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

9 That

- i) the amended Articles of Association of the Company produced to the Meeting and initialled by the Chairman for the purpose of identification as New Articles 'A' be adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of the existing Articles of Association, with immediate effect;
- ii) with effect from 00:01am on 1 October 2008, the amended Articles of Association of the Company produced to the Meeting and initialled by the Chairman for the purpose of identification as New Articles 'B' be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the Articles of Association existing immediately prior to that time; and
- iii) with effect from 00:01am on 1 October 2009, the amended Articles of Association of the Company produced to the Meeting and initialled by the Chairman for the purpose of identification as New Articles 'C' be adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of, the Articles of Association existing immediately prior to that time.

Dated 21 July 2008 By Order of the Board,

Simon Home

S.J. Howell

Company Secretary Registered Office: 50 Lisson Street, London NW1 5DF

Notes:

1. A member entitled to attend and vote at the AGM may appoint one or more proxies (who need not be a member of the Company) to attend and to speak and to vote on his or her behalf whether by show of hands or on a poll. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. In order to be valid an appointment of proxy (together with any authority under which it is executed or a copy of the authority certified notarially) must be returned by post, by courier or by hand to the Company's registrars, Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

To be effective, a proxy card must be deposited at the office of the Registrars not less than 48 hours before the time fixed for the Meeting. A proxy card is attached.

- 3. The Register of Directors' Interests in shares of the Company and copies of the service agreements between the Company and its Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) until the date of the Meeting and also on the date and at the place of the Meeting from fifteen minutes prior to its commencement until the conclusion of the Meeting.
- 4. The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only shareholders registered in the register of members of the Company at close of business on 27 August 2008 shall be entitled to attend or vote at the aforesaid annual general meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- 5. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

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Proxy Form 2008

UBC Media Group plc

For use by Shareholders at the Annual General Meeting, to be h	eld on 29 August 2008
I/We (name in full)	
(in BLOCK CAPITALS please) of	
being (a) holder(s) of ordinary Shares of 1p each of the Compa the Meeting* or	ny, hereby appoint the duly appointed Chairman of
Name of proxy	Number of shares proxy appointed over

to act as my/our proxy at the Annual General Meeting of the Company to be held on 29 August 2008, and at any adjournment thereof.

*see Note 1 below

Resolutions	For	Against	Vote withheld
Ordinary Business			
1. To receive the Directors' Report and Accounts	\bigcirc	\bigcirc	\bigcirc
2. To re-appoint auditors	\circ	\circ	\circ
3. To re-elect S.A. Cole as a Director	0	0	0
4. To re-elect J. Hodson as a Director	0	0	0
5. To re-elect G.D. Rigby as a Director	0	0	0
6. To approve the Directors' Remuneration Repo	rt O	0	0
Special Business			
7. To give an allotment authority	\bigcirc	\bigcirc	\bigcirc
8. To disapply pre-emption rights	0	0	0
9. Adoption of Amended Articles of Association	0	0	0
Please mark "X" how you wish your votes to be o	ast (see Note 5 below)		
\square Please tick here if you are appointing more the	an one proxy.		
Dated 2008	Signature		

NOTES:

- 1. Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided (see below). If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name (see below) the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
- 2. To appoint more than one proxy you may photocopy this form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
- 3. To be effective, this form must be lodged at the address overleaf not later than 48 hours before the time of the Meeting, or any adjournment thereof, together, if appropriate, with the power of attorney or other authority under which it is signed or a notarially certified copy of such power or, where the form has been signed by an officer on behalf of a corporation, a notarially certified copy of the authority under which it is signed.
- 4. Any alterations made on this form should be initialled.
- 5. Please indicate with an X how you wish your votes cast. Unless otherwise instructed, the proxy will vote or abstain as the proxy thinks fit. On any motion to amend any resolution, to propose a new resolution, to adjourn the Meeting, or any other motion put to the Meeting the proxy will act at his/her/their discretion.
- 6. The completion and return of this form will not prevent you from attending in person and voting at the Meeting should you subsequently decide to do so.
- 7. The "Vote Withheld" option is provided to enable you to abstain on any particular resolution however it should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.

