12 November 2012

UBC Media Group plc

(“UBC” or “the Company”)

Half Year results for the period ended 30 September 2012

UBC Media Group (AIM: UBC), the multimedia content and services company, today announces its results for the half year ended 30 September 2012.

Financial highlights

- Turnover up 47% at £2,201,000 (2011: £1,497,000)
- Gross Profit up 110% to £271,000 (2011: £129,000)
- Operating loss reduced by 28% at £355,000 (2011: £494,000)
- Continued strong balance sheet with £3.3m of cash after FY 2011 dividend payment (31 March 2012: £3.5m)
- Statutory loss for the period, after investment in Audioboo and discontinued operations, of £563,000 (2011: £436,000)

Operational highlights

- Turnover from video content in this period 29% of total revenues (H1 2011: 10%)
- Deal announced today to supply video content to Yahoo Europe and share ad revenues
- Radioplayer mobile app released
- Holding in Audioboo increased to 40.3%
- Audioboo reaches 600,000 registered users, appoints new CEO, raises new capital
- Disposal of loss-making Lynx Content operation to management for £300,000 deferred cash

Simon Cole, Chief Executive, said**:**

“These results show more progress towards our key strategic goals: moving away from our reliance on the heritage audio production business for the BBC and towards a future where video and interactive content and software development will feature more strongly. We do so whilst increasing turnover, boosting gross profit and balancing the investments we are making in new media against a continuing strong balance sheet.”

Enquiries:

UBC Media Group Simon Cole, Chief Executive Chris Dent, Finance Director	**020 7453 1600**
finnCap Charlotte Stranner/Rose Herbert – Corporate Finance Victoria Bates – Corporate Broking	**020 7220 0500**

Chief Executive's report

Strategic and operational review

At a time of macroeconomic uncertainty we have made good progress in this period towards key strategic goals and have focused on aspects of the business where we are seeing growth.

The strategy in our content business has been to move away from reliance on the BBC, develop new customers for our content and increase our revenues from video production. I am pleased to say that the share of our revenues from the BBC in the content division has dropped from 69% in this period last year to 49% now. Revenues from video have risen from 10% to 29% of total revenues over the same period. These figures are likely to be H1 weighted but we still expect to end the full year with a clear momentum towards video content and away from the BBC as a dominant client.

At the same time, our 'connected services' businesses have grown strongly with mobile revenues in Unique Interactive up 36%, the launch of the mobile version of the Radioplayer and a near-doubling of registered users at 'Audioboo', which has now become an associate company.

In this period, we disposed of our Lynx Content ("Lynx") business to management for a deferred cash sum of £300,000. The division had performed below our expectations due to the pressures on advertising budgets and was loss making. Removing these losses from our results has improved our position and we hope to see further improvement in the second half of the year as we aim to remove some of the overhead associated with Lynx.

Divisional report

<u>Content</u>

Our content division has seen a very positive 6 months, dominated by a single business win from Sky Television ("Sky"), for whom we produced 15 hours of live coverage from this year's Cambridge Folk Festival. Our business with Sky has grown in the last 3 years from turnover of £50k in 2010 to £600,000 in the first half. This powered an increase of 60% in revenues in our content division to £1.84m (H1 2011: £1.15m) and a quadrupling of gross profit to £205k (H1 2011: £52k) However, whilst this performance is expected to ensure a good full year result for this division, the growth is unlikely to be repeated in H2 and margins in the content industry generally continue to be under pressure.

Our key strategic goals are to increase revenues from video content and to remove reliance on the BBC. The contract with Sky has satisfied both these ambitions. However, we have also made good progress elsewhere. We currently provide Entertainment News to some 150 commercial radio stations in the UK; last year we invested in the creation of a digital video version of this service, targeted initially at radio station websites but then aiming to expand into other areas. We are announcing today a deal with Yahoo! Europe to provide daily digital video entertainment content and to share advertising revenues resulting from viewings of the content. This is a new area for us; we are now providing up to 7 videos daily to Yahoo! The incremental cost of this to UBC is small as our existing team of reporters creates and edits the content and, whilst we are cautious about how quickly this model will deliver significant revenues, the very early results are encouraging and we are in discussions with a number of other web portals about similar deals.

Audiobooks are an area that we have identified as having growth potential. We have investigated various business models in the last two years but have now focused on producing in bulk for single publishing houses. This model allows production at a reasonable margin and in this period we produced several full-length audiobooks for Harper Collins in a relationship that we hope to develop further in the second half of the year.

Whilst we are happy that our reliance on the BBC is being reduced by these initiatives, the BBC is still an important customer and our work there provides a significant reputational advantage and reliable cash flow. All of our major weekly programme contracts for the four BBC networks that form the core of our output (Radios 1, 2 ,3 and 4) have been renewed for the balance of this year and we have developed two new situation comedy shows for BBC Radio 4, one of which has already been optioned for television. Altogether, UBC provides over 1,000 hours of radio programming a year to seven BBC radio networks.

Interactive

As outlined in our preliminary results in June, the area in which we have identified the best long-term growth opportunities is the provision of software and technology services in 'connected' media. This covers everything from iPhone apps for radio stations to specialized search software used on Internet media players like the UK Radioplayer. UBC already had an important foothold in this market through our heritage work in digital radio in the UK. We have built on this to create a business with customers in the US and Canada as well as the UK.

The media industry is moving to a position where most consumption of audio and video is on devices that are connected. This changes the potential relationship between broadcaster and consumer, as well as removing the barriers to entry that traditional transmission of broadcast media created. It also integrates into the rapidly growing field of social media content from broadcasters and individuals who can create compelling audio/video content. Correspondents in specialised fields, for example, are now finding that they can get significant 'audiences' to their content on platforms like Twitter and Facebook as well as through their traditional broadcaster relationships. We believe that this integration of traditional content creators into mobile and social networks will be an area of rapid growth.

In the latest UK audience research, listening to streamed radio services on the Internet increased by 8% to 41 million listening hours– the fastest rising section of radio listening. Perhaps more significantly, the number of people using a mobile device to listen to radio increased by 12%. Overall, 18% of all adults (15 plus) now listen to radio via a mobile.

UBC provides mobile streaming 'apps' to radio stations on two continents and has developed much of the software which powers the successful UK Radioplayer, now used by some 7 million people to listen to radio on the Web. Earlier this year, we were appointed to represent the Radioplayer software internationally. In October this year, Radioplayer was launched on the iPhone and a version for Android phones will be released soon. Our major US customer, Sirius XM, is enjoying a period of rapid growth and is now established as a provider of premium subscription-based audio services via satellite and on the Internet.

Our 'Name This' interactive game for iPhone and iPad completed development earlier this year. The strategy here is to create a music game that can be licensed to radio stations worldwide. Revenue comes from 'music packs' downloaded by players. Our strategy here is to license this game to radio stations globally and share revenues; we expect our first such deal to be announced before Christmas

Turnover in Interactive has increased by 5% in the period to £364k, although margins have been reduced by our investment in sales, particularly relating to the Radioplayer contract.

In June this year, we increased our minority stake in Audioboo via a non-cash share swap with Imagination Technologies ("IMG"), which saw IMG become 10% shareholders in UBC. We were founder investors in Audioboo and our decision to raise our shareholding to 40.3% and to make it an associate company is based on our observation of the rapid growth of what was a small tech start-up two years ago. Audioboo provides both broadcasters and content creators with a very simple and effective way of distributing audio clips via social media. Using both a web browser interface and a mobile app on iPhone and Android, users can browse content uploaded by others or create content themselves. Each audio upload, or 'boo', can then be easily or even automatically attached to a tweet or sent to Facebook friends. On the Audioboo app itself, broadcasters and content creators have 'channels' on which their boos are collected. It is now used widely by most of the UK radio sector, adopted by the BBC as an official technology partner and is beginning to move into the broadcast market in the US. Registered users have grown from just over 100,000 a year ago to over 600,000 today, with over 1 million individual pieces of audio being uploaded and distributed on the platform and over 4 million 'listens' to audio clips each month. UBC now regularly 'boos' its own content including Entertainment News and promotional clips from BBC radio programmes, demonstrating the compatibility of this technology not just with our connected services work but with our core content businesses.

Other investors in Audioboo include Channel 4 television and XIX Management, the vehicle for Simon Fuller's management business. In October this year, Audioboo appointed a new Chief Executive Officer in preparation for an expansion programme, which will include a complete re-design of the platform by the end of this year and significant international expansion. Existing shareholders, including UBC, will support a fundraising this month, which will take the company through to a position where external funding can be sought next year.

UBC believes that the measured investment in Audioboo to date, whilst still clearly carrying a significant element of risk, represents the appropriate approach to a potentially very exciting company. We will monitor progress carefully and any decision with regard to our future investment strategy will be based on continued demonstrable progress.

Simon Cole
Chief Executive

Finance Director's Review

Financial summary (6 months ended 30 September)	2012 £000	2011 £000
Revenues	**2,201**	1,497
Gross profit	**271**	129
Administrative expenses	**(626)**	(623)
Operating Loss from continuing operations	**(355)**	(494)
Associate	**(84)**	-
Investment income	**12**	9
(Loss)/Profit from discontinued operations	**(136)**	49
Tax	**-**	-
Loss after tax from continuing and discontinued operations	**(563)**	(436)

Operating loss from continuing operations

In the six months to 30 September 2012 UBC reduced the operating loss of the business to £355,000 (H1 2011: £494,000) due to increases in the underlying operations of the business in the six month period which saw revenues increase to £2.2m (H1 2011: £1.5m), and resultant gross profits increase to £271,000 (H1 2011: £129,000)

Loss after tax from continuing and discontinued operations

The loss after tax from continuing and discontinued operations has increased to £563,000 (H1 2011: £436,000), as a result of including the results of Audioboo Limited as an associate, and the loss from discontinued operations of £136,000 (H1 2011: profit of £49,000).

Cash flow & cash

In the six months to 30 September 2012 UBC had a cash outflow from continuing operations of £166,000 (H1 2011: £193,000). At 30 September 2012, UBC had cash in the bank of £3.30m (H1 2011: £3.78m). During the last 6 months £139,000 was returned to shareholders through dividends.

Loss per share

In the six months to 30 September 2012 UBC reported a basic loss per share of 0.23 pence (H1 2011: 0.25 pence) and diluted loss per share of 0.23 pence (H1 2011: 0.25 pence) from continuing operations, and basic loss per share of 0.31 pence (H1 2010: loss per share 0.24 pence) and diluted loss per share of 0.31 pence (H1 2011: loss per share 0.24 pence) from continuing and discontinued operations.

Dividend

The board is not proposing a dividend for this interim (h1 2011: 0.158 pence per share). The board believes this is appropriate whilst various options for corporate activity and the implementation of the recently announced strategy are developed. The board intends to review the full year dividend and dividend policy again at the year end.

Principal risks and uncertainties

The principal risks and uncertainties which could affect the business for the remainder of the financial year remain unchanged from those set out in the UBC Media Group plc Annual Report and Financial Statements 2012. Risks include:

- 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; and
- 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 in the UBC Media Group plc Annual Report and Financial Statements 2012.

Chris Dent
Finance Director

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2012

	Notes	**Unaudited six months ended 30 Sept 2012 £'000**	Unaudited restated six months ended 30 Sept 2011 £'000	Audited restated full year ended 31 Mar 2012 £'000
Continuing operations				
Revenue	2	**2,201**	1,497	3,224
Cost of sales		**(1,930)**	(1,368)	(2,692)
Gross profit		**271**	129	532
Administrative expenses		**(626)**	(623)	(4,252)
Operating loss		**(355)**	(494)	(3,720)
Share of results of associate		**(84)**	-	-
Investment income		**12**	9	13
Loss before tax		**(427)**	(485)	(3,707)
Taxation on continuing operations		**-**	-	169
Loss for the period from continuing operations		**(427)**	(485)	(3,538)
Discontinued operations:				
(Loss)/profit for the period after taxation from discontinued operations	3	**(136)**	49	(79)
Loss for the period attributable to owners of the parent company and total comprehensive income		**(563)**	(436)	(3,617)
Loss per share (pence)				
From continuing operations				
Basic		**(0.23)**	(0.25)	(1.98)
Diluted		**(0.23)**	(0.25)	(1.98)
From continuing and discontinued operations				
Basic		**(0.31)**	(0.24)	(2.02)
Diluted		**(0.31)**	(0.23)	(2.02)

Condensed Consolidated Statement of Financial Position

As at 30 September 2012

	Notes	**Unaudited six months ended 30 Sept 2012 £'000**	Unaudited six months ended 30 Sept 2011 £'000	Audited full year ended 31 Mar 2012 £'000
Assets				
Non-current assets				
Goodwill		**1,173**	4,081	1,173
Intangible assets		**-**	583	300
Property, plant and equipment		**148**	218	201
Interests in associates	4	**420**	-	-
Investments	4	**-**	229	229
Loans		**157**	400	-
Deferred tax asset		**-**	345	-
		1,898	5,856	1,903
Current assets				
Inventory: work-in-progress		**143**	210	142
Trade and other receivables		**1,380**	766	1,320
Cash and cash equivalents		**3,302**	3,778	3,494
		4,825	4,754	4,956
Total assets		**6,723**	10,610	6,859
Current liabilities				
Trade and other payables		**(1,391)**	(1,083)	(1,224)
Provisions for liabilities and charges - current		**(43)**	(129)	(57)
		(1,434)	(1,212)	(1,281)
Net current assets		**3,391**	3,542	3,675
Liabilities				
Non-current liabilities				
Deferred tax liability		**(282)**	(795)	(282)
		(282)	(795)	(282)
Total liabilities		**(1,716)**	(2,007)	(1,563)
Net assets		**5,007**	8,603	5,296
Equity				
Share Capital		**1,983**	1,953	1,953
Share premium account		**2,617**	2,587	2,587
Treasury reserve		**-**	(454)	(454)
Retained earnings		**407**	4,517	1,210
Total equity		**5,007**	8,603	5,296

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2012

	Unaudited six months ended 30 Sept 2012	Unaudited six months ended 30 Sept 2011	Audited full year ended 31 Mar 2012
	£'000	£'000	£'000
Loss for the period	**(562)**	(436)	(3,787)
Share of loss of associate	**84**	0	0
Interest	**(12)**	(9)	(14)
Loss on sale of business	**11**	0	0
Depreciation on tangible fixed assets	**50**	67	119
Amortisation of intangible	**79**	100	200
Impairment of intangible	**0**	0	3,091
Decrease in provisions	**(14)**	(8)	(80)
Decrease/ (Increase) in inventories	**8**	(54)	15
Decrease/ (Increase) in trade and other receivables	**44**	110	(43)
Increase in trade and other payables	**146**	37	178
Cash used in continuing operations	**(166)**	(193)	(321)
Taxation rebate	**0**	0	0
Net cash used in operating activities	**(166)**	(193)	(321)
Investing activities			
Interest received	**12**	9	14
Disposal of business	**(20)**	0	0
Purchase of property, plant and equipment	**(7)**	(34)	(71)
Investment in associate	**(4)**	0	0
Purchase of patent	**(9)**	0	0
Net cash (used in)/generated from investing activities	**(28)**	(25)	(57)
Financing activities			
Dividends paid	**(139)**	(282)	(407)
Proceeds from issue of ordinary share capital	**141**	0	0
Net cash used in financing activities	**2**	(282)	(407)
Net (decrease)/increase in cash and cash equivalents	**(192)**	(500)	(785)
Cash and cash equivalents at beginning of period	**3,494**	4,279	4,279
Cash and cash equivalents at end of period	**3,302**	3,778	3,494

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2012 (unaudited)

	Share capital	Share premium account	Treasury reserves	Retained earnings	**Total**
	£'000	£'000	£'000	£'000	**£'000**
At 1 April 2011	1,953	2,587	(454)	5,235	**9,321**
Loss for the period	-	-	-	(436)	**(436)**
Dividends	-	-	-	(282)	**(282)**
At 30 September 2011	1,953	2,587	(454)	4,517	**8,603**
Loss for the period	-	-	-	(3,182)	**(3,182)**
Dividends	-	-	-	(125)	**(125)**
At 1 April 2012	1,953	2,587	(454)	1,210	**5,296**
Profit for the period	-	-	-	(563)	**(563)**
Corporate activity	30	30	454	(101)	**413**
Dividends	-	-	-	(139)	**(139)**
At 30 September 2012	**1,983**	**2,617**	**-**	**407**	**5,007**

Notes to the Financial Statements

For the six months ended 30 September 2012

1. Presentation of financial information and accounting policies

Basis of preparation

The combined financial information has been prepared in accordance with the UBC Media Group plc accounting policies. The UBC Media Group plc accounting policies are in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and as issued by the International Accounting Standards Board, and are set out in the UBC Media Group plc Annual Reports and Financial Statements 2012, with the exception of the application of new accounting standards

The new standards applicable from the 1 January 2012 that have been adopted by the European Union are:

- IFRS 7 (revised 2010)- Financial Instruments: Disclosures

The adoption of this standard has not led to any changes to the Group's accounting policies and had no effect on the financial position or performance of the Group.

The following new standards, amendments to standards or interpretations have been adopted by the European Union and are mandatory for the first time for the year ending on or after 1 January 2013:

- IAS 19 (revised 2011) Employee Benefits

The adoption of this standard is not expected to lead to any changes to the Group's accounting.

The information for the year ended 31 March 2012 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under sections 498 (2) or (3) respectively of the Companies Act 2006.

The results of the sixth months ending 30 September 2011 and for the full year ending 31 March 2012 have been restated in accordance with the requirements of IFRS5 in order to take account of the disposal of the Lynx Content business. Details of this transaction are contained within note 3 below.

Going concern

The condensed financial statements have been prepared on a going concern basis. The Group currently has cash and cash equivalents of £3.3million. Based on the Group's latest budgets, including consideration of the effect of the disposal of the Lynx Content business, the directors are satisfied that the group remains a going concern.

Estimates and judgments

The preparation of a condensed set of financial statements requires management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities at each period end. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

In preparing these condensed set of consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were principally the same as those applied to the Group's consolidated financial statements as at and for the year ended 31 March 2012.

2. Business and geographical segments

Unaudited six months ended 30 Sept 2012	Content	Software and Interactive	Unallocated	Total
	£'000	£'000	£'000	**£'000**
Revenue	1,837	364	-	**2,201**
Segment's result (gross profit)	205	66	-	**271**
Unallocated corporate expense	-	-	(626)	**(626)**
Operating loss				**(355)**
Investment income				**12**
Share of associate				**(84)**
Loss for the period from discontinued operations				**(136)**
Loss for the period				**(563)**

Unaudited six months ended 30 Sept 2011	Content	Software and Interactive	Unallocated	Total
	£'000	£'000	£'000	**£'000**
Revenue	1,150	347	-	**1,497**
Segment's result (gross profit)	52	77	-	**129**
Unallocated corporate expense	-	-	(623)	**(623)**
Operating loss				**(494)**
Investment income				**9**
Profit for the period from discontinued operations				**49**
Loss for the period				**(436)**

Audited full year ended 31 March 2012	Content	Software and Interactive	Unallocated	Total
	£'000	£'000	£'000	**£'000**
Revenue	2,586	638	-	**3,224**
Segment's result (gross profit)	395	137	-	**532**
Unallocated corporate expense	(3,091)	-	(1,161)	**(4,252)**
Operating loss				**(3,720)**
Investment income				**13**
Income tax credit				**169**
Loss for the period from discontinued operations				**(79)**
Loss for the period				**(3,617)**

3. Discontinued operations

On 11th September 2012, UBC Media Group plc disposed of its Lynx Content business, the results of which have been presented as discontinued operations. The effective date of the sale was 31st August 2012. Headline consideration for the sale was £300,000, which for the purpose of financial reporting has been discounted to a net present value based on the group's discount rate. The results of the business were as follows:

	Six months ended 30 Sept 2012	Six months ended 30 Sept 2011	Full year ended 31 Mar 2012
	£'000	£'000	£'000
Revenue	**239**	507	1,022
Expenses	**(364)**	(458)	(1,101)
Profit before tax	**(125)**	49	(79)
Attributable tax expense	**-**	-	-
Loss on ordinary activities of discontinued operations	**(125)**	49	(79)
Loss on disposal	**(11)**	-	-
Net loss attributable to discontinued operations	**(136)**	49	(79)

	£'000
Property, plant and equipment disposal	(9)
Intangible disposal	(221)
Redundancy costs	(20)
Property costs	(13)
Legal costs	(8)
	(271)
Total consideration	**261**
Loss on disposal	**(11)**

4. Interests in associates & investments

	£'000
Balance as at 31st March 2012	**228**
Additions	276
Share of associate loss	(84)
Balance as at 30th September 2012	**420**

In the period UBC Media Group plc increased its investment in Audioboo Limited, a private audio content social media company incorporated in Great Britain and registered in England and Wales. The effective shareholding rose from 8.1% to 31.7%. As such the investment was re-classified as an Associate as per IAS 28 Investments in Associates and Joint Ventures. From 8th June 2012 the group has used the equity method to account for its investment in Audioboo Limited.

5. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed within the financial statements or related notes.

6. Subsequent Events

There were no material subsequent events affecting the Group after 1 October 2012 and the date of this announcement that need to be disclosed.