UBC Media Group plc

Annual Report and Accounts 2009

UBC media group

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Contents

Chairman's statement

My first report to shareholders is in respect of a year in which the world has experienced one of the most extraordinary financial crises in a century, the consequences of which are still extremely uncertain as to breadth, depth and length of economic decline and pace of subsequent recovery. It is therefore encouraging that, despite such turmoil and future economic and political uncertainty, your Company has been able to deliver strong profits due to the profound changes to the Group anticipated at the time of last year's report and concluded the year with record cash balances of £10.47m (2008: £3.92m). This positions the Group well for the future.

I am pleased to report that in the year to 31 March 2009 UBC performed relatively well delivering a post tax profit of £5.82m (2008 : £3.39m loss) after provision in full for all loss making digital radio activities, the disposal of the Commercial Networking Division and consequent restructuring costs.

Following the disposal of the Commercial Networking Division on 2 March 2009 which contributed eleven months of revenues in the period, being £9.42m (2008: £11.53m), the Group's continuing operating divisions remain Programme Production and Data and Interactive. In the year to 31 March 2009 Programme Production revenues were £2.95m (2008: £3.30m) and Data and Interactive Revenues were £0.58m (2008: £0.69m). With the well publicised challenges affecting the sector, and particularly the withdrawal of Channel 4 from its commitments to radio, this was a resilient operating performance by the continuing divisions.

Completing the sale of the Commercial Networking Division during a period of such uncertainty was very pleasing. The structure of the deal through the earn out mechanics enables the Company to share in any future economic recovery of such a good business. This is thanks to the ingenuity and tenacity of the executive team although with the continuing deterioration in the markets during the year our preferred timetable was unavoidably extended.

Whilst endeavouring to maintain and improve operational performance the Board's primary focus following completion of the sale is on determining the most appropriate strategy for the Group to exploit its particular resources, skills and relationships to maximise shareholder value. Whilst considering additional investment in developing specific areas of the core businesses the Board, not surprisingly at this stage in the economic cycle, is also carefully exploring a number of potential acquisitions. The details of the Group's approach will be shared with shareholders imminently. Naturally the Board's deliberations on whether to return cash to shareholders and if so how much and through which route will be impacted by the Group's decisions in these areas and ability to successfully conclude any preferred transactions. Nonetheless the Company is seeking authority for a capital re-organisation to enable distributions to be made in the future without impediment.

Both the production businesses, Unique and Smooth Operations, are within the top five suppliers of programming to the BBC. Unique Interactive is a market leader in the UK and other countries in key services and software to the digital radio industry. Accordingly, with the commitment by various European countries to roll out DAB, anticipated regulatory changes within the UK commissioning structure, increasing requirement for audio content on the web, and growth of internet radio, particularly in North America, it is expected that there will in time be meaningful opportunities organically to broaden and grow revenues of the Group's retained businesses. However, in the current climate anticipating with any precision the speed or scale that such opportunities will translate into revenues is extremely difficult.

It is traditional in a Chairman's Statement to report the Board's thanks to all staff. After such a transformational and significant year, which has been achieved in such a rapidly changing and uncertain climate, it is particularly important to recognise and appreciate the superb efforts of all management and staff (some of whom have left with, or as a result of, the sale of the Commercial division) for their professionalism, hard work, commitment and sheer tenacity during what has been a very unsettling period. There have been a number of Board changes during the year and on behalf of the Board I would like to thank John Hodson, John Quinn, Gavin Rigby and Simon Howell, for their significant contribution to the Group over the years.

Proposed Cancellation or Reduction of Share Premium Account

The Board is considering, subject to the approval of shareholders and the confirmation of the court, the cancellation or reduction of the Company's share premium account. Such cancellation or reduction may create distributable reserves for corporate purposes to be used at the Board's discretion, subject to any protections required by the court as explained below.

Under the Companies Act 1985, a company may cancel or reduce its share premium account (and reduce its share capital) provided that it obtains the approval of its shareholders by special resolution at a general meeting and that the court confirms the cancellation or reduction.

As at 31 March 2009 the balance on the Company's profit and loss account stood at a deficit of approximately £10,464,000 while the balance of the share premium account stood at approximately £18,676,000. The balance on the share premium account is attributable to the difference, or 'premium', between the nominal value of the Ordinary Shares issued by the Company from time to time and the price at which the Ordinary Shares were issued.

The Company is seeking an enabling approval of shareholders to cancel or reduce its share premium account. Any cancellation or reduction by the Company of its share premium account will require the confirmation of the court and in order to obtain this the Company may be required to satisfy the court that those creditors of the Company who do not consent to the cancellation or reduction are suitably protected and the Company may have to put in place such form of creditor protection as the court may deem appropriate. Whether the share premium account is cancelled in its entirety or reduced by a smaller amount will depend on advice received by the Board as to what protections the court will require. At this stage no firm decision regarding such cancellation or reduction has been taken and it remains subject to further review by the Board. If the share premium account is to be reduced rather than cancelled in its entirety the minimum amount of the reduction is expected to be no less than the amount required to balance the deficit in Company's profit and loss account (approximately £10,464,000).

Following any such cancellation or reduction (and subject to any creditor protections which the court imposes), the profit and loss account will be credited by the amount standing to the share premium account. It should be noted that the cancellation or reduction will not, in itself, involve any distribution or repayment of capital by the Company to any shareholder or involve any reduction in the Company's underlying assets.

The Board reserves the right to abandon or discontinue (in whole or in part) any application to the court if the Board believes that the terms required to obtain confirmation of the cancellation or reduction are unsatisfactory to the Company.

Paul Pascoe
Chairman

Chief Executive's review

Overview

We unveil here a set of results which show the fruits of a busy year of corporate activity and a robust underlying business. Against the background of an uncertain economic climate, we have reshaped our business, lowering our reliance on the volatile advertising market and removing completely our exposure to loss-making digital activities. Our core remaining businesses have substantial levels of recurring revenues, a customer base of large global companies with a high percentage of public funding and good forward visibility. At the same time, we have brought £9m of cash into the business through a disposal and created the possibility of making a return to shareholders.

We are now very well positioned to make carefully considered acquisitions at a good time in the economic cycle and build a strong company which services the global media industry with content and software.

Commercial (discontinued)

Our results from continuing operations have excluded the Commercial Division which was sold to Global Traffic Network Inc. ("GTN"), a US listed company, in March for a cash consideration of £9m plus a three year earn-out. Turnover for the 11 months leading up to disposal was £9,417,000 (2008: 12 months – £11,534,000)

UBC had built its Commercial Division carefully over the last ten years to become the clear market leader in the provision of national advertiser-funded programming to commercial radio. Our dominance, particularly in the provision of traffic and travel news, was strengthened in November 2008 when we added Global Radio's stations – including Capital FM and Classic FM – to our network. This meant that our services were heard throughout the UK on virtually every major commercial radio station. It was this dominant position, despite the challenged national radio advertising market which has seen industry revenues in this area decline by more than 20% year on year, that led GTN to purchase the division from us for £9m initial consideration with future consideration contingent on revenue targets being met.

We protected our position in a recovering economic climate by securing a three year revenue linked earn-out. The arrangement pays out each calendar year based on turnover targets and we are pleased that, in the four months to the end of April 2009, the revenues are at a level which, if continued, management believe would trigger a payment. Negotiations have commenced with GTN already on an arrangement to settle the earn-out with a one off cash payment to UBC. These negotiations also include the return to UBC of the part of the commercial business responsible for sponsorship, promotions and marketing activity, including the fast developing area of internet video marketing. This part of the business made a gross profit of £139,000 in the 11 months to February 2009 before the disposal.

Programme production

Our production division encompasses our two individual production units, Unique, based in London and Smooth Operations, based in Manchester and Cambridge. Turnover for the year was £2,946,000 (2008: £3,302,000)

These companies supply audio, video and multimedia content to a variety of clients. The businesses have traditionally been led by their position as significant suppliers to BBC Audio and Music – between them supplying some 800 hours of programming – but have in recent years been expanding from that base to supply a broader range of clients and to produce an increasing amount of multimedia content. In the last twelve months, Smooth Operations produced two documentary series for Guardian Media Group's commercial radio stations and Unique supplied entertainment news to some 150 commercial stations. Online work has included video campaigns for Nivea and Braun and the production of podcasts for, amongst others, The Times.

Our work for the BBC includes Radio 4's 'Something Understood', which Unique has produced for 8 years and was this year commissioned for a further 4 years, Mark Radcliffe and Stuart Maconie's nightly programme on BBC Radio 2 and the Rock Show on BBC 6 Music. Two of our programmes, Count Arthur Strong (BBC R4) and Mark Radcliffe, were given Gold awards in this year's Sony Radio Academy Awards.

We believe that the BBC's attitude to its suppliers is now more benign and that the Corporation will come under increasing pressure in the next twelve months to show commitment to the independent sector as it seeks to justify its position as the sole recipient of public funding in an increasingly diverse media marketplace.

Data and interactive

Since its inception in 2001, Unique Interactive has developed a global position in the provision of software and data services to the radio industry. It is a market leader in the UK and an increasingly significant supplier in the US where digital radio has been slower to develop than in Europe. Turnover was £579,000 (2008: £690,000)

The last twelve months have been concentrated on consolidating the company's customer base whilst the global radio industry has been going through a major period of adjustment owing in part to the difficult economic climate. Despite the many challenges faced by its customers, Unique Interactive has managed to maintain sales at close to last year's level and has won significant new business from the BBC – for whom it now supplies Electronic Programme Guide ("EPG") data for the iPlayer – and from the commercial radio industry in the USA who, via the National Association of Broadcasters, have commissioned Unique Interactive to develop an EPG system for the nascent US terrestrial digital radio industry.

One of the company's biggest clients, XM Satellite Radio of the USA, went through a prolonged merger in the last year with rival Sirius Satellite Radio. This caused a 6 month hiatus in work from the company – putting pressure on revenues. However, the resulting consolidated company has now emerged and has confirmed Unique Interactive as a supplier and recently begun discussions about further software development.

Simon Cole
Chief Executive

Financial review

For the financial year ended 31 March 2009 UBC Media Group plc is required to report its results under International Financial Reporting Standards ("IFRS"). The results reported in this announcement have been prepared in accordance with the recognition and measurement bases of IFRS

In the year to 31 March 2009 Group revenues from continuing operations declined by 11.7% to £3.53 million (2008: £3.99 million).

Revenues by division for the period were as follows:
- Programme Production: £2.95 million (2008: £3.30 million) -10.8%
- Data and Interactive: £0.58 million (2008: £0.69 million) -16.0%

Financial summary (year ended 31 March)

	2009 £000	2008 £000
Revenues	**3,525**	3,992
Gross profit	**1,894**	2,344
Administrative expenses	**(2,720)**	(2,648)
Loss from continuing operations	**(826)**	(304)
Share of joint venture results	**–**	(446)
Interest received	**121**	252
Profit from discontinued operations	**6,583**	(2,742)
Tax	**(57)**	(149)
Profit/(loss) in the period from continuing and discontinued operations	**5,821**	(3,389)

Profit/(loss) attributable to discontinued operations

	2009 £000	2008 £000
Commercial Division	**9,148**	1,015
Cliq music downloading service	**(2,023)**	(3,351)
Classic Gold Digital	**(542)**	(385)
Oneword Radio	**–**	(21)
Profit/(loss) in the period from continuing and discontinued operations	**6,583**	(2,742)

Disposal of Commercial Division

On 2 March 2009 the Commercial Networking business was sold to Global Traffic Network (UK) Limited for an initial consideration of £9.0m and a potential earn out over the next three calendar years. The structure of the deal was such that the entire share capital of The Unique Broadcasting Company Limited was purchased by Global Traffic Network (UK) Limited after the assets of Programme Production and Data and Interactive businesses were transferred out of the company to another wholly owned subsidiary of UBC Media Group plc. The sale resulted in a gain on disposal of £9.0m (including a fair value of the earn out as at the balance sheet date). This has been accounted for in discontinued operations along with the trade performance of the division in the year.

Closure of Cliq

On 11 June 2008 the directors decided to close the Cliq music downloading service. Consumer uptake was not as anticipated and the Java application was beset with difficulties relating to compatibility with mobile phones in the market place. Further costly development of the Java application was required and along with not having the co-operation of the mobile telecoms industry, the directors decided to close the consumer facing side of the Cliq music downloading service and instead concentrate on opportunities to provide a business-to-business solution to manufacturers of connected devices. After accounting for all closure costs of the division the loss attributed to Cliq in the year was £2.0m (including provision of digital licence costs) (2008: £3.4m) which was accounted for as a discontinued operation.

Classic Gold Digital

All digital licence costs have now been fully provided for in the year.

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. As a result of Channel 4's announcement to retreat from digital radio in October 2008 the shareholders of the 4 Digital Group agreed to put the company into a member's voluntary liquidation. UBC's investment of £150,000 has been fully written down in the year.

Cash flow

In the year to 31 March 2009 UBC had a cash inflow of £6.55 million (2008: £1.82 million inflow) including a cash outflow of £0.45 million from continuing operating activities (2008: £0.69 million outflow).

Cash

At 31 March 2009, UBC had cash in the bank of £10.47 million (2008: £3.92 million).

Loss per Share

In the year to 31 March 2009 UBC reported basic loss per share of -0.40p (2008: -0.34p) from continuing operations and basic profit per share of 3.02p (2008: 1.76p loss) from continuing and discontinued operations. The diluted loss per share was -0.38p (2008: -0.32p) from continuing operations and a profit per share of 2.89p (2008: -1.67p loss) from continuing and discontinued operations.

Dividend

The Board is not recommending the payment of a dividend (2008: £nil), though the company is in the process of a capital restructuring to enable distributions to be considered in the future.

Principal Risks and Uncertainties

These are detailed on page 5 of the Report of the Directors.

John Falcon
Finance Director

Board of Directors

Paul Pascoe (48)
Non-Executive Chairman
Paul Pascoe was appointed to the role of Non-Executive Chairman of the company in November 2008. Paul has broad business experience and is a director of various companies and became a director of Unique Broadcasting in 1995. Paul is a member of the Audit Committee, Remuneration Committee and Nominations Committee.

Simon Cole (51)
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 Falcon (30)
Finance Director
John was appointed as Finance Director in January 2009. Prior to re-joining UBC John worked as Finance Director at a leisure group for 2 years, prior to which he worked at UBC for 4 years.

Tim Blackmore MBE (64)
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. Tim is a member of the Remuneration Committee and Audit Committee.

Kelvin Harrison (54)
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 Chairman of Maxima Holdings plc. Kelvin is Chairman of the Remuneration Committee and the Audit Committee.

Directors and Advisers

Executive directors

Simon A. Cole
John C. Falcon (appointed 23 Jan 2009)
John P. Quinn (resigned 2 Mar 2009)
Gavin D. Rigby (appointed 2 May 2008, resigned 23 Jan 2009)

Non-executive directors

John Hodson (resigned 17 Nov 2008)
Timothy J. Blackmore MBE
Kelvin F. Harrison
Paul H. B. Pascoe

Company Secretary

John C. Falcon

Registered Office

50 Lisson Street
London NW1 5DF

Country of Incorporation

Great Britain

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

Pinsent Masons LLP
CityPoint
One Ropemaker Street
London EC2Y 9AH

Auditors

Deloitte LLP
Chartered Accountants
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

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2009.

Business review and principal activities

The Chief Executive's Review of Business is contained on page 2 and the Financial Review is contained on page 3. 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 12. The directors are not recommending the payment of a dividend for the year (2008: nil).

Directors and their interests

The names of the directors serving in the year and their interests at 31 March 2009 were as follows:

	Number of ordinary shares as at 31 March 2008	Number of ordinary shares as at 31 March 2009	Ordinary shares under option as at 31 March 2008
S. A. Cole	21,275,064	21,275,064	–
T. J. Blackmore MBE	20,080,857	20,080,857	–
K. F. Harrison	123,118	123,118	–
P. H. B. Pascoe	8,751,919	8,751,919	–
J. P. Quinn	2,462,506	2,462,506	3,406,530

At 31 March 2009, the following directors' interests were also noted:
1. Of the ordinary shares shown as beneficially held by S. A. Cole, 6,760,064 are registered under the name of HSBC Global Custody Nominee (UK) Limited and 750,000 are registered under the name Rock Nominees Limited
2. 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.
3. 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 with which P. H. B. Pascoe is connected.
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 names 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.

Substantial shareholders

At 5 June 2009, 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	33,207,838	17.23
S. A. Cole	21,275,064	11.04
T. J. Blackmore MBE	20,080,857	10.42
Vidacos Nominees Limited	18,728,560	9.72
State Street Nominees Limited	12,299,224	6.38
BNY (OCS) Nominees Limited	10,200,379	5.29
Beringea	9,330,535	4.84
Cenkos Channel Islands Nominees Limited	8,548,714	4.44
I. M. Peacock	7,521,000	3.90
Hargreave Hale & Co	7,250,000	3.76

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 P. H. B Pascoe and J. C. Falcon 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 4.

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 7 to 8. The Directors' Remuneration Report is given on page 10.

Principal risks and uncertainties

Having disposed of the radio advertising business the Group is currently assessing its future strategy for its Programme Production and Data and Interactive businesses.

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 10. Financing of the Group's activities is covered in the Financial Review on page 3.

Going concern

The Group's business activities, together with factors likely to affect its future development, performance and financial position and commentary on the Group's financial results, its cash flows, liquidity requirements,

Directors' report (continued)

available cash reserves and a summary of the Group principal risks and uncertainties are set out above and in note 1 to the financial statements. In addition, Note 28 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments, and its exposures to liquidity risk and credit risk.

The Board is satisfied that the Group balance sheet remains strong. We remain well-financed with considerable cash reserves and no foreseeable requirement for further finance. The financial statements at 31 March 2009 show that the Group generated a profit for the period of £5,821,000 (2008: £3,389,000 loss) with cash used in operating activities of £446,000 (2008: £693,000) and a net increase in cash and cash equivalents of £6,554,000 in the year (2008: £1,823,000). The financial statements also show that at 31 March 2009 the Group balance sheet presented a net asset position of £10,139,000 (2008: £4,318,000) with net current assets of £10,451,000 (2008: £4,809,000). The Group balance sheet also showed cash reserves at 31 March 2009 of £10,473,000 (2008: £3,919,000), which exceeds the value of total liabilities.

The Board has concluded that no matters have come to its attention which suggests that the Group will not be able to maintain its current terms of trade with customers and suppliers. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that the Group has sufficient cash available to continue in operational existence throughout the forecast period and beyond. The Board has considered various alternative operating strategies should these be necessary and are satisfied that revised operating strategies could be adopted if and when necessary. As a consequence, the Board believes that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

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 becomes 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.

Charitable donations
The Group made charitable contributions of £1,443 (2008: £642) during the year, of which £1,443 was donated to the Group's nominated charity, Help the Aged. The Group made no political donations during the year.

Auditors
On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. Special notice pursuant to sections 379 and 391A of the Companies Act 1985 having been given a resolution to appoint Deloitte LLP as auditors in accordance with section 385 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 2009 represented 38 days of purchases (31 March 2008: 44 days of purchases).

Approved by the Board of Directors and signed on behalf of the Board

John Falcon
Company Secretary

50 Lisson Street
London NW1 5DF

5 June 2009

Corporate Governance Statement

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 2009 comprised two executive directors and three non-executive directors. J. C. Falcon was appointed as an executive director of the Company on 23 Jan 2009. Short biographies of each director are set out on page 4.

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 K. F. Harrison.

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. In a departure from provision A.6.1 of the Companies Act 1985, no performance review has been performed at board level in the current year due to board movements. A review was done in the prior year and the board expects to do a review in the next financial year

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 2008 S. A. Cole, J. Hodson and G. D. Rigby were re-elected to the Board. Details of directors submitted for re-election at the forthcoming AGM are provided on page 5.

The Company carries insurance to indemnify 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. Cover with an annual limit of £2 million is maintained.

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 (resigned 17 Nov 2008)	4
P. H. B. Pascoe	6
S. A. Cole	6
J. C. Falcon (appointed 23 Jan 2009)	2
G. D. Rigby (appointed 02 May 2008, resigned 23 Jan 2009)	5
J. P. Quinn (resigned 02 Mar 2009)	5
T. J. Blackmore MBE	6
K. F. Harrison	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 9 and the Auditors' statement on the respective responsibilities of directors and auditors is included within their report on page 11.

Internal controls and 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). In a departure from provision C.2.1 of the Companies Act 1985, the directors have not performed a review of the groups control systems but intend to perform one in the next financial year.

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 K. F. Harrison as chairman, P. H. B. Pascoe and T. J. Blackmore MBE. The Audit Committee has primary responsibility for monitoring the integrity of the financial statements of the Group; reviewing the Group's 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 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, P. H. B. Pascoe and T. J. Blackmore MBE. Further details of the Committee's remit are contained in the Directors' Remuneration Report on page 10. 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 P. H. B. Pascoe, as Chairman, and S. A. Cole.

Relations with shareholders

The Board is committed to maintaining good communications with shareholders. 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 P. H. B. Pascoe, K. F. Harrison and T. J. Blackmore MBE 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 and 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.

Statement of Directors' Responsibilities

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:

- 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, subject to any material departures disclosed and explained in the financial statements; 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.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

John Falcon
Finance Director

5 June 2009

Directors' remuneration report

As an AIM-listed company, the Directors' Remuneration Report regulations do not formally apply in 2009. 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, T. J. Blackmore MBE and P. H. B. Pascoe. The provisions of the Combined Code recommend that as Company Chairman, P. H. B Pascoe should not be a member of the Committee. However, it is considered that P. H. B Pascoe'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 director S. A. Cole has a 12-month rolling service agreement with the Company. J. C. Falcon has a 3-month rolling service agreement with the Company. On 6 June 2009 the non-executive chairman, P. H. B Pascoe, and the directors, T. J. Blackmore and K. F. Harrison were appointed as non-executive directors of the Company for a one-year period expiring on 5 June 2010. The appointment of the non-executive chairman, P. H. B Pascoe, and the appointment of the non-executive directors, T. J. Blackmore and K. F. Harrison may be terminated at any time by the Company on three months' notice.

The following information was audited. S. A. Cole and J. C. Falcon 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 2009 were Group and divisional profitability compared to market expectations.

The remuneration of each of the directors for the year ended 31 March 2009 was as follows:

	Salary & fees £'000	Compensation on loss of office £'000	Bonus £'000	Taxable benefits £'000	Pension contribution £'000	**2009 Total £'000**	2008 Total £'000
Executive							
S. A. Cole	164	–	*125	1	5	**295**	189
J. P. Quinn (1)	130	–	178	1	4	**313**	171
J. H. Donald (2)	–	–	–	–	–	**–**	212
M. A. Honey (3)	–	–	–	–	–	**–**	77
G. D. Rigby (4)	74	–	20	–	–	**94**	–
J. C. Falcon (5)	20	–	5	–	–	**25**	–
Non-executive							
P. H.B Pascoe (Chairman)	20	–	–	–	–	**20**	30
J. Hodson (6)	26	–	–	–	–	**26**	35
T. J. Blackmore MBE	1	–	–	–	–	**1**	14
K. F. Harrison	20	–	–	–	–	**20**	18
	455	–	328	2	9	**794**	746

* included within S. A. Cole bonus column in 2009 is an amount of £102,000 relating to compensation for the signing of a personal two year non-compete agreement in relation to the sale of the Commercial Division to GTN, payable over the period the restriction impacts

(1) Resigned as a director on 2 March 2009
(2) Resigned as a director on 4 December 2007
(3) Resigned as a director on 8 November 2007
(4) Appointed as a director on 2 May 2008, resigned 23 January 2009
(5) Appointed as a director on 23 January 2009
(6) Resigned as a director on 17 November 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 2009 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 28. 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 2009.

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 and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the group financial statements give a true and fair view and whether the group financial statements and the part of the Directors' Remuneration Report to be audited have 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.

Although not required to do so, the directors have voluntarily chosen to make a corporate governance statement detailing the extent of their compliance with the June 2006 FRC Combined Code. 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 and consider whether it is consistent with the audited group financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, the unaudited part of the Directors' Remuneration Report, the Chief Executive's Review, the Financial Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any 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 2009 and of its profit for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985;
- 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 LLP
Chartered Accountants and Registered Auditors
London

5 June 2009

Consolidated income statement
Year ended 31 March 2009

	Notes	2009 £'000	2008 £'000
Continuing operations			
Revenue	2,3	**3,525**	3,992
Cost of sales		**(1,631)**	(1,648)
Gross profit		**1,894**	2,344
Administrative expenses before impairment of fixed asset investment		**(2,570)**	(2,648)
Impairment of fixed asset investment		**(150)**	–
Total administrative expenses		**(2,720)**	(2,648)
Operating loss	3,4	**(826)**	(304)
Investment income	7	**121**	252
Share of results of joint ventures		**–**	(446)
Loss before tax		**(705)**	(498)
Taxation on continuing operations	8	**(57)**	(149)
Loss for the period from continuing operations		**(762)**	(647)
Discontinued operations			
Profit/(loss) for the period after taxation from discontinued operations	10	**6,583**	(2,742)
Profit/(loss) for the period		**5,821**	(3,389)
(Loss)/profit per share (pence)	9		
From continuing operations			
Basic		**(0.40)**	(0.34)
Diluted		**(0.38)**	(0.34)
From continuing and discontinued operations			
Basic		**3.02**	(1.76)
Diluted		**2.89**	(1.76)

Consolidated balance sheet
As at 31 March 2009

	Notes	2009 £'000	2008 £'000
Assets			
Non-current assets			
Goodwill	11	**2,834**	2,834
Property, plant and equipment	13	**128**	219
Deferred tax asset	19	**92**	–
Investments	16	**–**	150
		3,054	3,203
Current assets			
Inventory: work in progress		**94**	58
Trade and other receivables	17	**1,670**	3,550
Derivative financial asset	28	**811**	–
Cash and cash equivalents		**10,473**	3,919
		13,048	7,527
Total assets		**16,102**	10,730
Current liabilities			
Trade and other payables	18	**(1,666)**	(2,718)
Provisions for liabilities and charges – current	20	**(931)**	–
		(2,597)	(2,718)
Net current assets		**10,451**	4,809
Non-current liabilities			
Deferred tax liability	19	**(447)**	(298)
Provisions for liabilities and charges – non-current	20	**(2,919)**	(3,396)
		(3,366)	(3,694)
Total liabilities		**(5,963)**	(6,412)
Net assets		**10,139**	4,318
Equity			
Share capital	21	**1,927**	1,927
Share premium account	22	**18,676**	18,676
Other reserves	22	**–**	(801)
Accumulated losses	22	**(10,464)**	(15,484)
Total equity		**10,139**	4,318

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 5 June 2009 and were signed on its behalf by:

John Falcon
Director

Simon Cole
Director

Consolidated cash flow statement

Year ended 31 March 2009

	Notes	2009 £'000	2008 £'000
Cash flows from operating activities			
Cash used in continuing operations	23	**(446)**	(693)
Cash used in discontinued operations		**(1,421)**	(326)
Taxation rebate		**123**	15
Net cash used in operating activities		**(1,744)**	(1,004)
Investing activities			
Interest received	7	**121**	222
Proceeds from disposal of subsidiary holding		**8,212**	3,832
Other investment income	7	**–**	30
Investment in joint venture		**–**	(466)
Purchase of property, plant and equipment	13	**(35)**	(84)
Purchase of investment	16	**–**	(150)
Investment in intangible assets	12	**–**	(557)
Net cash from investing activities		**8,298**	2,827
Net increase in cash and cash equivalents		**6,554**	1,823
Cash and cash equivalents at beginning of period		**3,919**	1,933
Cash acquired on purchase of subsidiary		**–**	163
Cash and cash equivalent at end of period		**10,473**	3,919

Consolidated statement of changes in equity

Year ended 31 March 2009

	Share capital £'000	Share premium account £'000	Other reserves £'000	Accumulated profits/(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 1 April 2008	1,927	18,676	(801)	(15,484)	**4,318**
Profit for the period	–	–	–	5,821	**5,821**
Transfer from other reserves	–	–	801	(801)	**–**
At 31 March 2009	1,927	18,676	–	(10,464)	**10,139**

1. ACCOUNTING POLICIES

The Group prepares its consolidated financial statements in accordance with International Accounting Standards ("IAS") and International Financial Reporting Standards ("IFRS") in accordance with European Union regulations.

For the year ended 31 March 2009, restatement of the comparatives has been made to ensure that the Group's financial performance is presented in accordance with the requirements of IFRS 5 Non-Current Assets Held-For-Sale and Discontinued Operations.

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. The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments.

The following amendments were mandatory for accounting periods beginning on or after 1 April 2008 but are not relevant to the operations of the Group:

IFRIC 12	Service Concession Arrangements
IFRIC 14 IAS 19	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

At the date of authorisation of these financial statements, a number of new IFRS Standards and IFRIC Interpretations have been issued which are not yet effective for the year ended 31 March 2009 and which have not been adopted early. These are listed below:

IFRS 1 (amended)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (amended)	Share-based Payment – Vesting Conditions and Cancellations
IFRS 3 (revised 2008)	Business Combinations
IFRS 8	Operating Segments
IAS 1 (revised 2007)	Presentation of Financial Statements
IAS 27 (revised 2008)	Consolidated and Separate Financial Statements

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 in the period of initial application except for additional segment disclosures when IFRS 8 'Operating Segments' comes into effect for periods commencing on or after 1 January 2009

Going concern
The group's business activities, together with the factors likely to affect it's future development, performance and position are set out in the Directors' Report on page 5. The financial position of the Group, its cash flows and liquidity position are described in the Financial Review on page 3. In addition note 28 to the financial statements include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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 liabilities. 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 (details are given in Note 10).

(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.

1. ACCOUNTING POLICIES (CONTINUED)

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	33 1/3
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.

Inventory – 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.

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.

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

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.

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

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate for sterling 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.

Discontinued operations

Where a component of the Group meets the criteria of an operating segment and has been disposed of or is classified as held-for-sale, the income of the discontinued operation is presented separately on the face of the Group's consolidated income statement. The liabilities and assets of operations held-for-sale are presented as a separate item on the balance sheet.

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 has a derivative financial instrument in respect of the deferred earn-out consideration on the sale of the Commercial division. Further details on this are disclosed in note 28 to the financial statements.

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.

Critical accounting judgements and key areas of estimation uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. The carrying amount of goodwill at the balance sheet date was £2.834 million. Details of the calculation are provided in note 11.

Fair value of derivatives and other financial instruments

As described in note 28, the deferred earn-out consideration is valued at an estimation of fair value as at the balance sheet date. Details of the calculation are provided in note 28.

Revenue recognition

Management considers the detailed criteria for the recognition of revenue from the sale of goods and services set out in IAS 18 Revenue, in particular whether the group had transferred to the buyer the significant risks and rewards of ownership of the goods.

Deferred tax asset

Management believes that deferred tax assets recognised are justified by the ability of the company to continued to make profits

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

2. REVENUE

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

	2009 £'000	2008 £'000
Continuing operations		
Sales of goods	**2,881**	3,276
Rendering of services	**644**	716
	3,525	3,992
Discontinued operations		
Sales of goods (see note 10)	**9,417**	12,571

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

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

Principal activities are as follows:

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.

The Group was also previously involved in:

Commercial Networking – the sale of radio advertising airtime within the UK. This division was discontinued with effect from 2 March 2009 (see note 10) and the results for the year have been presented in discontinued operations.

Cliq – 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 results for the year have been presented in discontinued operations (see note 10).

Segment information about these businesses is presented below:

2009	Programme production £'000	Data and interactive £'000	Elimination £'000	Consolidated £'000
Revenue				
Total revenue	3,100	659	(234)	3,525
Inter-segment revenue	(154)	(80)	234	–
External revenue	2,946	579	–	3,525

Inter-segment revenue are charged at prevailing market prices.

Result				
Segment result	501	48	–	549
Unallocated corporate expense	–	–	–	(1,375)
Operating loss	–	–	–	(826)
Investment income	–	–	–	121
Loss before tax	–	–	–	(705)
Taxation on continuing operations	–	–	–	(57)
Profit for the period from discontinued operations (note 10)	–	–	–	6,583
Profit after tax and discontinued operations	–	–	–	5,821

3. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

Other information

2009	Programme production £'000	Data and interactive £'000	Unallocated £'000	Consolidated £'000
Capital additions	16	8	12	36
Depreciation	19	15	71	105
Balance				
Assets				
Segment assets	3,527	246	11,518	15,291
Discontinued operations	–	–	–	811
Consolidated total assets				16,102
Liabilities				
Segment liabilities	143	150	1,373	1,666
Discontinued operations	–	–	–	4,297
Consolidated total liabilities				5,963

2008	Programme production £'000	Data and interactive £'000	Elimination £'000	Consolidated £'000
Revenue				
Total revenue	3,433	778	(219)	3,992
Inter-segment revenue	(131)	(88)	219	–
External revenue	3,302	690	–	3,992

Inter-segment revenue are charged at prevailing market prices.

Result				
Segment result	722	141	–	863
Unallocated corporate expense	–	–	–	(1,167)
Operating loss	–	–	–	(304)
Investment income	–	–	–	252
Share of results of joint ventures				(446)
Loss before tax	–	–	–	(498)
Taxation on continuing operations	–	–	–	(149)
Loss for the period from discontinued operations (note 10)	–	–	–	(2,742)
Loss after tax and discontinued operations	–	–	–	(3,389)

3. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

Other information

2008	Programme production £'000	Data and interactive £'000	Unallocated £'000	Consolidated £'000
Capital additions	4	15	622	641
Depreciation	(11)	(26)	(93)	(130)
Impairment losses recognised in income statement	–	(1)	(2,008)	(2,009)
Balance				
Assets				
Segment assets	3,713	253	4,406	8,372
Investment	–	–	–	150
Discontinued operations	–	–	–	2,208
Consolidated total assets				10,730
Liabilities				
Segment liabilities	146	15	947	1,108
Discontinued operations				5,304
Consolidated total liabilities				6,412

Discontinued operations

(i) The Commercial Networking division, which was sold on 2 March 2009, has been presented as a discontinued operation and has the following results:

	2009 £'000	2008 £'000
Revenue		
External revenue	**9,417**	11,534
Total revenue	**9,417**	11,534
Results		
Segment profit	**9,148**	1,015

(ii) The Digital Stations division which was discontinued on 30 June 2007 has the following results:

	2009 £'000	2008 £'000
Revenue		
External revenue	**–**	1,026
Total revenue	**–**	1,026
Results		
Segment profit/(loss)	**(542)**	(385)

(iii) The Cliq Radio division, which was discontinued on 11 June 2008, had the following results:

	2009 £'000	2008 £'000
Revenue		
External revenue	**–**	11
Total revenue	**–**	11
Results		
Segment loss	**(2,023)**	(3,351)

3. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

(iv) 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:

	2009 £'000	2008 £'000
Revenue		
External revenue as joint venture	**–**	22
Total revenue	**–**	22
Results		
Share of losses as joint venture	**–**	(432)
Share of joint venture liabilities not attributable to the Group	**–**	(14)
	–	(446)
Post-acquisition losses	**–**	(22)
Gain on acquisition	**–**	1
	–	21

The segment results from discontinued operations stated above are equal to the profit or loss after tax from this discontinued operation disclosed in note 10.

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:

	2009 £'000	2008 £'000
United Kingdom	**3,121**	3,537
Rest of World	**404**	455
	3,525	3,992

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

4. PROFIT/(LOSS) FOR THE YEAR

Profit for the year has been arrived at after charging:

	Continuing operations		Discontinued operations		**Total**	Total
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000	**2009 £'000**	2008 £'000
Net foreign exchange losses	**32**	5	**–**	–	**32**	5
Research and development costs	**–**	–	**–**	847	**–**	847
Depreciation of property, plant and equipment	**105**	130	**–**	–	**105**	130
Operating lease payments – land and buildings	**147**	146	**–**	–	**147**	146
Operating lease payments – licences	**46**	41	**1,068**	1,483	**1,114**	1,524
Impairment of intangible assets	**–**	–	**–**	2,011	**–**	2,011
Staff costs (see note 6)	**2,298**	2,200	**1,375**	1,468	**3,673**	3,668
Impairment loss recognised on loans receivable carried at amortised cost	**–**	–	**–**	466	**–**	466
Cliq development costs	**–**	–	**–**	1,171	**–**	1,171
Cliq costs included in cost of sales	**–**	–	**–**	253	**–**	253

5. AUDITORS' REMUNERATION

	2009 £'000	2008 £'000
Audit fees		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**35**	35
The audit of the Company's subsidiaries pursuant to legislation	**32**	47
Total audit fees	**67**	82
Non-audit fees		
Tax services	**53**	25
Other services	**91**	35
Other services – IFRS transition	**–**	20
Total non-audit fees	**144**	80
Total fees paid to the Company's auditors	**211**	162

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.

6. STAFF COSTS

The average monthly number of persons employed by the Group during the year, including executive directors, was 76 (2008: 76). 14 staff were transferred out of the group to Global Traffic Network (UK) Limited on disposal of the Commercial division.

The majority of staff costs in the group are presented in administrative expenses.

	2009 No.	2008 No.
Staff numbers		
Management and administration	**20**	26
Production, editorial and sales	**56**	50
	76	76

	£'000	£'000
Wages and salaries	**3,312**	3,275
Social security costs	**334**	360
Pension costs	**27**	33
	3,673	3,668

7. INVESTMENT INCOME

	2009 £'000	2008 £'000
Bank interest	**121**	222
Other investment income	**–**	30
	121	252

8. TAX

	Continuing operations 2009 £'000	Continuing operations 2008 £'000	Discontinued operations 2009 £'000	Discontinued operations 2008 £'000	Total 2009 £'000	Total 2008 £'000
Current tax	–	–	–	–	–	–
Prior year adjustment	–	–	–	–	–	–
Research and development tax credit			(64)	(59)	(64)	(59)
Deferred tax (see note 21)	57	149	–	–	57	149
	57	149	(64)	(59)	(7)	90

Corporation tax is calculated at 28% (2008: 30%) of the estimated assessable profit for the year.

	2009 £'000	2009 %	2008 £'000	2008 %
Loss before tax:				
Continuing operations	(705)	(12)%	(2,893)	88%
Discontinued operations	6,519	112%	(406)	12%
	5,814	100%	(3,299)	100%
Tax at the UK corporation tax rate of 28% (2008: 30%)	1,628		(990)	
Tax effect of expenses that are not deductible in determining taxable profit	156		(152)	
Accelerated capital allowances	25		(32)	
Non-taxable capital transactions	(2,747)		(644)	
Tax effect of non-utilisation of tax losses	1,087		1,663	
Deferred tax asset recognised	(92)		–	
Research and development tax credit	(64)		(59)	
Tax credit and effective tax rate for the year	(7)	0%	90	(3)%

9. PROFIT/(LOSS) PER SHARE

Basic profit/(loss) per share is calculated by dividing the profit/(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 earnings 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 for the prior year represents both basic and diluted EPS.

Reconciliation of the profit and weighted average number of shares used in the calculation are set out below:

	Profit/(loss) 2009 £'000	Weighted average number of shares 2009 Million	Per share amount 2009 Pence	Loss 2008 £'000	Weighted average number of shares 2008 Million	Per share amount 2008 Pence
Basic EPS						
Profit/(loss) attributable to shareholders:						
Continuing and discontinued operations	5,821	193	3.02	(3,389)	193	(1.76)
Continuing operations	(762)	193	(0.40)	(647)	193	(0.34)
Discontinued operations	6,583	193	3.42	(2,742)	193	(1.42)
Diluted EPS						
Profit/(loss) attributable to shareholders:						
Continuing and discontinued operations	5,821	201	2.89	(3,389)	193	(1.76)
Continuing operations	(762)	201	(0.38)	(647)	193	(0.34)
Discontinued operations	6,583	201	3.27	(2,742)	193	(1.42)

10. DISCONTINUED OPERATIONS

Shown below is a summary of discontinued operations:

Net profit/(loss) attributable to discontinued operations	Notes	**2009 £'000**	2008 £'000
Commercial Division	(i)	**9,148**	1,015
Cliq music downloading service	(ii)	**(2,023)**	(3,351)
Classic Gold Digital	(iii)	**(542)**	(385)
Oneword Radio	(iv)	**–**	(21)
Profit/(loss) in the period from discontinued operations		**6,583**	(2,742)

(i) On 2 March 2009 the entire share capital of The Unique Broadcasting Company Limited was purchased by Global Traffic Network (UK) Limited, a subsidiary of Global Traffic Network Inc, a US registrant. The assets of Programme Production and Data and Interactive businesses were not included in the sale and were transferred out of the company to New Unique Broadcasting Company Limited a newly incorporated and wholly owned subsidiary of UBC Media group plc. The sale was for an initial cash consideration of £9,000,000 and contingent consideration based on revenue achieved by the Commercial division in the years ending December 2009, 2010 and 2011 which is discussed in further detail in note 28. This results in a gain on disposal of £9,023,000 as shown below. The net assets of the disposal amounted to £3,000 and direct disposal costs amounted to £785,000. Included within discontinued operations is also the trade performance of the disposed assets which amounted to a profit of £125,000 in the year (2008: £1,015,000).

	2009 £'000	2008 £'000
Revenue	**9,417**	11,534
Expenses	**(9,292)**	(10,519)
Profit before tax	**125**	1,015
Attributable tax expense	**–**	–
Profit after tax	**125**	1,015
Gain on disposal of continued operations	**9,023**	–
Profit attributable to discontinued operations	**9,148**	1,015

	2009 £'000	2008 £'000
Initial consideration (cash)	**9,000**	–
Fair value of contingent consideration (see note 28)	**811**	–
Cost of disposal	**(785)**	–
Net assets disposed	**(3)**	–
Gain on disposal	**9,023**	–

(ii) On 11 June 2008 the directors decided to close the Cliq music downloading service. Consumer uptake was not as anticipated and the Java application was beset with difficulties relating to compatibility with mobile phones in the market place. Further costly development of the Java application was required and along with not having the co-operation of the mobile telecoms industry, the directors decided to close the consumer facing side of the Cliq music downloading service and instead concentrate on providing a business-to-business solution to manufacturers of connected devices. After accounting for all closure costs of the division the loss attributed to Cliq in the year was £2,023,000 (2008: £3,351,000).

	2009 £'000	2008 £'000
Revenue	**–**	11
Expenses	**(1,172)**	(1,271)
Impairment of intangible assets	**–**	(1,994)
Loss before tax	**(1,172)**	(3,254)
Attributable tax credit	**64**	59
Loss after tax	**(1,108)**	(3,195)
Licence costs	**(915)**	(156)
Loss attributable to discontinued operations	**(2,023)**	(3,351)

The licence cost in the current year is for a provision for the ongoing commitment attributable to non-cancellable licences which run to 2015.

10. DISCONTINUED OPERATIONS (CONTINUED)

(iii) In the prior 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.

The licence cost in the current year is for a provision for the ongoing commitment attributable to non-cancellable licences which runs to 2015. These licences were used to broadcast the Classic Gold Digital service.

	2009 £'000	2008 £'000
Revenue	**–**	1,026
Expenses	**–**	(1,281)
Interest received	**–**	524
Profit before tax	**–**	269
Attributable tax expense	**–**	–
Profit after tax	**–**	269
Gain on disposal of discontinued operations	**–**	3,535
Licence costs	**(542)**	(3,665)
Inter-company charges	**–**	(524)
Loss attributable to discontinued operations	**(542)**	(385)

(iv) In the prior year on 12 December 2007, the Group acquired all the shares in Oneword Radio Limited held by 4 Ventures Limited for a consideration of £1, bringing its shareholding to 100%. At this date, the Group acquired net liabilities of £812,000. On 11 January 2008 the Group made the decision to discontinue the Oneword Radio Limited operation.

During the year the Group invested £Nil (2008: £466,000) 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.

	2009 £'000	2008 £'000
Revenue	**–**	–
Expenses	**–**	(22)
Gain on acquisition	**–**	1
Loss attributable to discontinued operations	**–**	(21)

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

11. GOODWILL

	2009 £'000
As at 1 April 2008 and 31 March 2009	**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:

	2009 £'000	2008 £'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 benchmark cost of capitals for the sector along with the cost of capital of the group. 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.

11. GOODWILL (CONTINUED)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next year, applies industry growth rates and extrapolates cash flows into perpetuity. The Group then prepares sensitivity analysis on the variables to ensure robustness of the carrying value

The key assumptions used in these calculations are:
• FY 2009-10 budgeted EBITDA.
• Discount rate 8.9% based on company WACC.
• Growth rate of 2.2% as per the long-term growth rate of the U.K..
• Sensitivity analysis applied of 10% reduction in budgeted EBITDA and 0% EBITDA growth.

In the base case the carrying value is exceeded by £1,552,000 and in the sensitivity analysis case the carrying value is exceed by £73,000.

12. INTANGIBLE ASSETS

	Software costs £'000	Intangible assets £'000	Capitalised development costs £'000	Total £'000
At 1 April 2007	7	8	1,437	1,452
Additions	–	–	557	557
Impairment	(7)	(8)	(1,994)	(2,009)
At 1 April 2008 and at 31 March 2009	–	–	–	–

Development costs were capitalised in accordance with IAS 38 "Intangible assets". The costs 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 as a result impaired its investment in Cliq in full.

13. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £'000	Office equipment £'000	Technical equipment £'000	Total £'000
Cost				
At 1 April 2007	165	223	121	509
Additions	68	5	11	84
Disposals	(15)	–	–	(15)
At 1 April 2008	218	228	132	578
Additions	23	–	12	35
Disposals	(107)	(37)	(100)	(244)
At 31 March 2009	**134**	**191**	**44**	**369**
Depreciation				
At 1 April 2007	88	75	81	244
Charge for year	58	41	31	130
Disposals	(15)	–	–	(15)
At 1 April 2008	131	116	112	359
Charge for the year	56	36	13	105
Disposals	(86)	(37)	(100)	(223)
At 31 March 2009	**101**	**115**	**25**	**241**
Net book value				
At 31 March 2009	**33**	**76**	**18**	**128**
At 31 March 2008	87	112	20	219
At 31 March 2007	77	148	40	265

14. 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.

15. INTERESTS IN JOINT VENTURES

Aggregated amounts relating to joint ventures:

	2009 £'000	2008 £'000
Total assets	**–**	–
Total liabilities	**–**	(14)
	–	(14)
Cash investment in joint ventures	**–**	–
	–	(14)
Share of joint venture liabilities not attributable to the Group	**–**	14
	–	–
Revenues	**–**	22
Loss	**–**	(432)

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.

16. INVESTMENTS

	2009 £'000	2008 £'000
Available-for-sale investments carried at fair value	**–**	150

The investment represents a 7.5% share in 4 Digital Group Limited, which in July 2007 was awarded the second national DAB multiplex. In October 2008 Channel 4, the majority shareholder in 4 Digital Group, announced it no longer intended to launch three new national digital stations on the 4 Digital multiplex and the shareholders have agreed to put the company into a members voluntary liquidation. The investment was written down in full in the year due to the uncertainty of the level of funds to be returned to shareholders.

17. TRADE AND OTHER RECEIVABLES

	2009 £'000	2008 £'000
Amount receivable for the sale of goods	**1,044**	1,585
Allowance for doubtful debts	**(135)**	(137)
	909	1,448
Other debtors	**392**	118
Accrued income	**203**	1,527
Prepayments	**166**	457
	1,670	3,550

The average credit period taken on sales of goods and services is 50 days (2008: 37). 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.

17. TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in the Group's trade receivable balance are debtors with a carrying amount of £464,000 (2008: £303,000) 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 91 days (2008: 74 days).

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

	2009 £'000	2008 £'000
Customer A	**374**	–
Customer B	**202**	204
Customer C	**116**	–
Customer D	**54**	468
Customer E	**–**	413
Customer F	**–**	91

Ageing of past due but not impaired receivables

	2009 £'000	2008 £'000
30-60 days	**171**	116
60-90 days	**149**	166
90-120 days	**10**	–
120+ days	**134**	21
Total	**464**	303

Movement in the allowance for doubtful debts

	2009 £'000	2008 £'000
Balance at the beginning of the period	**137**	131
Impairment losses recognised	**–**	44
Amounts written off as uncollectible	**–**	(33)
Amounts recovered during the year	**(2)**	(5)
Balance at the end of the period	**135**	137

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.

Included in the allowance for doubtful debts there are no individually impaired trade receivables which have been placed under liquidation (2008: £Nil). 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

	2009 £'000	2008 £'000
Current	**–**	–
30-60 days	**–**	–
60-90 days	**–**	–
90-120 days	**–**	–
120+ days	**135**	137
Total	**135**	137

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

18. TRADE AND OTHER PAYABLES

	2009 £'000	2008 £'000
Trade creditors	**779**	341
Other taxes and social security	**45**	41
Accrued costs	**667**	2,040
Deferred income	**175**	296
	1,666	2,718

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 38 days (2008: 44 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.

19. DEFERRED TAX

Deferred tax liability

	Accelerated tax depreciation £'000	Total £'000
At 1 April 2007	149	149
Charge to income	149	149
At 1 April 2008	298	298
Charge to income	149	149
At 31 March 2009	**447**	**447**

Deferred tax asset

	2009 £'000	2008 £'000
At 1 April 2008	**–**	–
Credit	**92**	92
At 31 March 2009	**92**	92

At the balance sheet date, the Group has unrecognised deferred tax assets of £3,143,000 (2008: £3,183,000) in respect of unused trading tax losses and £104,000 (2008: £175,000) of accelerated capital allowances which have not been recognised on the grounds that there is insufficient evidence that these will be recoverable. These assets will be recovered when future tax charges are sufficient to absorb these tax benefits.

20. PROVISIONS

	Digital licences provision £'000	Total £'000
At 1 April 2008	3,396	3,396
Additional provision in the year	1,328	1,328
Utilisation of provision	(874)	(874)
At 31 March 2009	**3,850**	**3,850**
Included in current liabilities	931	
Included in non-current liabilities	2,919	
	3,850	

The company has provided for the costs attributable to non-cancellable licences which run to 2015 on the basis of the discounted present value of future payments (2008: £3,396,000).

Management are in discussions with the holders of the licences and are confident that these amounts will be settled for less than the contracted amount but, because the outcome of these discussions is uncertain, management have provided based on their contractual obligations.

The provision is made subsequent to payments of £181,000 (2008: £158,000) made to MXR in the year. The CEO of UBC Media Group plc is also the Chairman of MXR. Dealings remain on an arms-length basis.

All provisions relate to discontinued operations

21. SHARE CAPITAL

Group	**2009 £'000**	2008 £'000
Authorised		
400,000,000 ordinary shares of 1p each	**4,000**	4,000
Allotted, called up and fully paid		
192,736,212 ordinary shares of 1p each (2008: 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 2009, no new shares were issued.

During the year ended 31 March 2009, no share options were exercised.

22. SHARE PREMIUM ACCOUNT AND RESERVES

	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 1 April 2008	18,676	(801)	(15,484)
Retained profit for the year	–	–	5,821
Reserves movement	–	801	(801)
At 31 March 2009	**18,676**	**–**	**(10,464)**

The disposal of The Unique Broadcasting Company Limited has resulted in the movement of the other reserve balance of £801,000 into the profit and loss reserve. This balance was created when UBC Media Group plc merged with The Unique Broadcasting Company Limited in June 2000 and represents the difference arising on consolidation between the nominal value of UBC Media Group plc shares issued (£1,006,000) and the nominal value of The Unique Broadcasting Company Limited shares and share premium acquired (£205,000).

23. RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

Continuing operations

	2009 £'000	2008 £'000
Operating loss before interest and tax	**(826)**	(304)
Loss/(profit) on sale of fixed assets	**18**	–
Impairment of intangible assets	**150**	15
Depreciation of tangible fixed assets	**105**	130
Increase in work in progress	**(36)**	(13)
Increase in trade and other receivables	**(270)**	(66)
Increase/(decrease) in trade and other payables	**413**	(455)
Net cash outflow from operating activities	**(446)**	(693)

24. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	2009 £'000	2008 £'000
Minimum lease payments under operating leases recognised as an expense in the year	**1,261**	1,663

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:

	2009 £'000	2008 £'000
Within one year	**1,111**	1,529
In the second to fifth year inclusive	**3,922**	4,640
After five years	**89**	378
	5,122	6,547

Operating lease payments represent rentals payable by the Group for licence fees on certain of its office properties, equipment and digital licences.

Property leases are negotiated for an average term of 5 years and equipment for an average term of 1 year.

Included within operating leases are the Groups commitment to digital licence costs (see note 20).

25. 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).

	2009 Options	Weighted average exercise price	2008 Options	Weighted average exercise price
Outstanding at beginning of period	15,277,019	19.7p	11,732,019	23.4p
Granted during the period	–	–	3,750,000	9.8p
Forfeited during the period	(4,338,234)	38.41p	205,000	48.5p
Exercised during the period	–	–	–	–
Outstanding at end of period	10,938,785	12.3p	15,277,019	19.7p
Exercisable at end of period	7,396,530	9.5p	12,034,764	20.5p

No share options were exercised during the period (2008: £nil). The options outstanding at 31 March 2009 had a weighted average exercise price of 12.3p (2008: 19.7p) and a weighted average remaining contract life of 3 years (2008: 3 years). The Group has not recognised a share-based payment charge for the current or previous year.

In 2008, options were granted on 4 December 2007, the aggregate of the estimated fair value of these options was £96,099. The group used the inputs noted above to measure the fair value of the old options.

26. 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 £27,000 (2008: £33,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the plans. As at 31 March 2009, no contributions due in respect of the current reporting period had not been paid over to the schemes (2008: £Nil).

27. 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 no transactions with related parties who were not members of the Group (2008: sales to Oneword Radio Ltd £112,000; amounts owed by The Digizone Ltd £458,000). Also refer to Note 20.

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 10.

	2009 £'000	2008 £'000
Short-term employment benefits	**866**	620
Post-employment benefits	**11**	12
Termination benefits	**–**	114
Gains made on exercise of share options	**–**	–
	877	746

There were no transactions with directors during the year.

28. FINANCIAL INSTRUMENTS

Capital risk management
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 2009, there were no loan notes included in liabilities held for sale (2008: £Nil).

Analysis of net funds	As at 1 April 2008 £'000	Cash flow £'000	As at 31 March 2009 £'000
Cash in hand and at bank	3,919	6,554	10,473

At 31 March 2009, the Group had available £Nil (2008: £1,000,000) 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.

28. FINANCIAL INSTRUMENTS (CONTINUED)

Categories of financial instruments

	2009 £'000	2008 £'000
Financial assets		
Cash and cash equivalents	**10,473**	3,919
Receivables	**908**	1,448
Other receivables	**595**	1,645
Available-for-sale financial assets	**–**	150
Derivative financial asset	**811**	–
Financial liabilities		
Trade	**(779)**	(341)
Accrued costs	**(645)**	(1,862)
Other payables	**–**	(41)

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

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 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 £15,000 (2008: £20,000). 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 an 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.

28. FINANCIAL INSTRUMENTS (CONTINUED)

Derivative financial asset – contingent consideration
The derivative financial asset refers to the contingent consideration due under the sale and purchase agreement of the commercial division as discussed in note 10.

The earn out is based on revenue targets for the calendar years ending December 2009, 2010 and 2011. The year one earn out is based on a stepped model with the bottom level target of £11,000,000 resulting in a £1,000,000 earn out. This then steps up in ratchets with the top level earn out of £5,500,000 being paid out if turnover of £13,600,000 is met. The year two and three earn outs are based on 50% of all revenue above the target levels of £12,000,000 and £12,500,000 respectively. The earn out is paid three months after calendar year end.

A discounted cash flow analysis is performed using probability weighting for best, mid and worst case scenarios. The company's standard base discount rate of 8.9% is used as a base but is then increased to take into account market uncertainty, lack of visibility of performance and counterparty risk. The fair value of this derivative financial asset is re-measured at each balance sheet date. It should be noted that there is no applicable observable market data on which to develop a fair value and that this is therefore an internally-generated value.

Management have calculated the fair value of this contingent consideration to be £811,000 as at 31 March 2009.

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 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:

	Minimum credit risk	
	2009	2008
	£'000	£'000
Trade and other receivables	**1,504**	3,093

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

	2009		2008	
Counterparty	**Credit limit £'000**	**Carrying amount £'000**	Credit limit £'000	Carrying amount £'000
Customer A	**500**	**374**	500	–
Customer B	**500**	**202**	500	204
Customer C	**500**	**116**	500	–
Customer D	**250**	**54**	1,000	468
Customer E	**100**	**42**	100	–

Customer A represents a significant proportion of the group's turnover and the debtor's balance of £374,000 represents 36% of the total receivables at the balance sheet date. The companies relationship with the customer is strong with long-running established contracts

A number of the group's largest customers by debtor balance in the prior year are no longer customers of the group subsequent to the sale of the Commercial Division.

28. FINANCIAL INSTRUMENTS (CONTINUED)

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
2009							
Non-interest bearing	–	1,504	–	–	–	–	1,504
Variable interest rate instruments	1.0	10,473	–	–	–	–	10,473
	–	11,977	–	–	–	–	11,977
2008							
Non-interest bearing	–	3,093	–	–	–	–	3,093
Variable interest rate instruments	5.5	3,919	–	–	–	–	3,919
	–	7,012	–	–	–	–	7,012

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.

Parent company balance sheet
As at 31 March 2009

	Notes	2009 £'000	2008 £'000
Fixed asset investments	B	**1,360**	2,516
Current assets			
Debtors	C	**1,522**	9,824
Derivative financial asset		**811**	–
Cash at bank and in hand		**10,153**	3,276
		12,486	13,100
Creditors: amounts falling due within one year	D	**(497)**	(134)
Provisions for liabilities and charges – current	E	**(931)**	–
Net current assets		**11,058**	12,966
Total assets less current liabilities		**12,418**	15,482
Provisions for liabilities and charges – non-current		**(2,919)**	(3,396)
Net assets		**9,499**	12,086
Capital and reserves			
Called up share capital		**1,927**	1,927
Share premium account		**18,676**	18,676
Profit and loss account		**(11,104)**	(8,517)
Shareholders' funds		**9,499**	12,086

The company balance sheet and related notes were approved by the board of directors on 5 June 2009 and were signed on its behalf by:

John Falcon
Director

Simon Cole
Director

Parent company reconciliation of shareholders' funds
Year ended 31 March 2009

	Share capital £'000	Share premium account £'000	Accumulated losses £'000	Total £'000
At 1 April 2008	1,927	18,676	(8,517)	12,086
Loss for the period	–	–	(2,587)	(2,587)
At 31 March 2009	**1,927**	**18,676**	**(11,104)**	**9,499**

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
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.

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 2009 which comprise the Balance Sheet, the 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 2009 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 and consider whether it is consistent with the audited parent company financial statements. The other information comprises only Directors' Report, the Chairman's Statement, the unaudited part of the Directors' Remuneration Report, the Chief Executive's Review, the Financial Review and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the 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 2009;
- 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 LLP
Chartered Accountants and Registered Auditors
London

5 June 2009

B. FIXED ASSET INVESTMENTS

	2009 **£'000**	2008 £'000
At 1 April	**2,516**	2,446
Additions in year	**–**	150
Disposals	**(1,006)**	(80)
Impairment	**(150)**	–
	1,360	2,516

During the prior year the company purchased 7.5% of shares in 4 Digital Group Limited for £150,000, whose carrying value the company wrote off in the year as discussed in note 16.

In 2007, the company purchased the remaining 20,000 shares in Lisson Street (Properties) Limited ("LSP", formerly Classic Gold Digital Limited) for £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.

Principal subsidiaries, joint ventures and associates

	Ordinary shares held 2009 %	Ordinary shares held 2008 %	Principal activity
Subsidiaries: immediate holding company UBC Media Group plc			
The New Unique Broadcasting Company Limited	**100**	–	Radio production and software development
The Unique Broadcasting Company Limited	**–**	100	Radio production, software development 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 New Unique Broadcasting Company Limited			
Oneword Radio Limited	**100**	49	Radio broadcasting

All joint ventures companies are registered in England and Wales as private companies limited by shares. On 10 March 2009 The Digizone Limited was dissolved.

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

Principal subsidiaries, joint ventures and associates
In February 2009 the assets and related liabilities of the Programme Production and Data and Interactive businesses that were held in The Unique Broadcasting Company Limited were transferred at their carrying value to The New Unique Broadcasting Company Limited, a newly incorporated wholly owned subsidiary of UBC Media Group plc. This was a prerequisite to the disposal of The Unique Broadcasting Company Limited to Global Traffic Network (UK) Limited on 2 March 2009 at which date it was only the assets and liabilities of the Commercial Division which remained in The Unique Broadcasting Company Limited.

C. DEBTORS

Due within one year:

	2009 £'000	2008 £'000
Trade debtors	–	–
Amounts owed by Group undertakings	1,118	9,593
Other debtors	402	–
Prepayments and accrued income	2	231
	1,522	9,824

D. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Trade creditors	278	–
Accruals and deferred income	219	134
	497	134

E. PROVISIONS FOR LIABILITIES AND CHARGES

	Digital licences provision £'000	Total £'000
At 1 April 2008	3,396	3,396
Additional provision in the year	1,328	1,328
Utilisation of provision	(874)	(874)
At 31 March 2009	**3,850**	**3,850**
Included in current liabilities		931
Included in non-current liabilities		2,919
		3,850

The company has provided for the costs attributable to non-cancellable licences which run to 2015 on the basis of the discounted present value of future payments (2008: £3,396,000).

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ninth Annual General Meeting ("AGM") of the Company will be held at the offices of Pinsent Masons LLP at City Point, One Ropemaker Street, London EC2Y 9AH on Friday 24 July 2009 at 11.00am for the following purposes:-

Ordinary Business:

1. To receive the report of the directors and the financial statements of the Company for the year ended 31 March 2009.
2. To re-appoint Deloitte LLP (formerly 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.
3. To re-elect P.H.B. Pascoe 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.
4. To re-elect J.C. Falcon who was appointed during the year and retires in accordance with Article 86 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
5. To approve the Directors' Remuneration Report for the year ended 31 March 2009.

Special Business:

6. 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 £636,029 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 2010, 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.

7. 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 6 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 sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £96,368 being 5% 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 2010, 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.

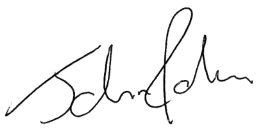
8. To consider and, if thought fit, to pass the following resolution as a Special Resolution:

   THAT:

   (i) the share premium account of the Company be cancelled; or

   (ii) in the event that the Board resolves, prior to the making of an application to Court for confirmation of the aforesaid cancellation, that the share premium account should be reduced by any amount being not less than £10,464,000, the share premium account shall be reduced by the amount so resolved by the Board.

By Order of the Board,



J. C. Falcon
Company Secretary

Registered office:
50 Lisson Street, London NW1 5DF

26 June 2009

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.
2. 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 22 July 2009 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.
6. Persons who are not shareholders in the Company will not be admitted to the Meeting unless prior arrangements are made with the Company.
7. Except as provided above, members who have general queries about the Meeting should contact the Company Secretary at the Company's registered office (no other methods of communication will be accepted). You may not use any electronic address to communicate with the Company for any purposes other than those expressly stated (i) in this notice of general meeting; or (ii) in any related documents (including the proxy form).

Proxy Form 2009

UBC Media Group plc

For use by Shareholders at the Annual General Meeting, to be held on Friday 24 July 2009.

I/We

(name in full)

of

(in BLOCK CAPITALS please)

being (a) holder(s) of ordinary shares of 1p each of the Company, hereby appoint the duly appointed Chairman of the Meeting* or

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 Friday 24 July 2009, and at any adjournment thereof.

*see Note 1 below

Resolutions	For	Against	Vote withheld
Ordinary Business			
1. To receive the Directors' Report and Accounts	○	○	○
2. To re-appoint auditors	○	○	○
3. To re-elect P.H.B. Pascoe as a Director	○	○	○
4. To re-elect J.C. Falcon as a Director	○	○	○
5. To approve the Directors' Remuneration Report	○	○	○
Special Business			
6. To give an allotment authority	○	○	○
7. To disapply pre-emption rights	○	○	○
8. Cancellation or reduction of the share premium account	○	○	○

Please mark "X" how you wish your votes to be cast (see Note 5 below)

☐ Please tick here if you are appointing more than one proxy.

Dated 2009 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.
8. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

1 Fold along this line **first**

2 Fold along this line **second**

3 Fold along this line **third**

BUSINESS REPLY SERVICE
Licence No. MB122

1

Capita Registrars
Proxies
PO Box 25
Beckenham
Kent BR3 4BR

4 Fold along this line **fourth** and tuck in at both sides

Cut along this line

UBC media group

UBC Media Group plc
50 Lisson Street
London NW1 5DF
t: 020 7453 1600
f: 020 7723 6132
www.ubcmedia.com