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

UBC Media Group plc Annual Report and Accounts 2001

UBC media group

annual report and accounts 2001

Contents

Our aim

is to become the primary gatekeeper for broadcast data while maintaining our position as the leading digital content provider

Year in Review

A YEAR SPENT EXTENDING THE BOUNDARIES OF DIGITAL RADIO

May 2000
Oneword, the only national commercial digital station dedicated to the spoken word, goes on air for the first time.

July 2000
BSkyB broadcasts Oneword to all Sky Digital subscribers.

September 2000
UBC and Psion team up to join the MXR Digital radio consortium bidding for upcoming regional digital radio licences.

Launch of the Digizone, the world's first multimedia radio channel.

October 2000
Ford UK announces it is joining the MXR consortium and its intention by 2004 to fit digital radios as original equipment in all new Ford cars sold in the UK.

Purchase of the Classic Gold format, including 12 AM licences, from GWR Group plc.

UBC and Psion, in partnership with the high street retailer, Dixons, launch the 'Wavefinder' digital radio receiver.

December 2000
The MXR consortium wins the North East of England regional digital radio licence, covering a population of two million adults.

January 2001
UBC increases its shareholding in G-One, its joint venture with Ginger Media Group, from 40% to 50%.

The MXR consortium wins the South Wales and Severn Estuary regional digital radio licence, covering a population of 2.45 million adults.

UBC ties-up with the financial information services company, Bloomberg, as a supplier of business bulletins and market reports in analogue and digital media.

February 2001
The MXR consortium wins the regional digital licence for the West Midlands region, covering a population of 3.25 million adult listeners.

UBC teams up with Command Audio and Capital Radio in a new company, Command Audio-UK, creating the first on-demand audio joint venture.

March 2001
The MXR consortium wins its fourth consecutive regional digital licence when it is awarded the North West of England licence, serving a population of 5.3 million adult listeners.

Principal Subsidiaries

Unique is the leading independent producer of customised audio content in the UK, and ranks as the largest external supplier of audio programmes to the BBC.

Classic Gold Digital holds AM and Digital radio licences broadcasting the Classic Gold format. UBC is migrating Classic Gold to digital radio multiplexes.

Unique Facilities produces bespoke in-house radio as well as offering digital and analogue studio facilities.

Unique Interactive is spearheading UBC's digital strategy. Highlights for the year include the launch of the multimedia station, the Digizone, and the 'Wavefinder' digital radio receiver.

Principal Joint Ventures

UBC holds a 33% shareholding in Oneword, the only national commercial digital licence dedicated to the spoken word.

G-One is an innovative producer of radio programmes across a range of broadcast platforms. G-One is jointly owned by UBC and Ginger Media Group.

Chairman's Statement

THE PAST YEAR HAS SEEN A NUMBER OF landmark events THAT HAVE TRANSFORMED THE FOOTPRINT OF THE COMPANY

It gives me pleasure to report on UBC Media Group's maiden results since the Company's flotation on the Alternative Investment Market in July 2000.

For the 12-month period to 31 March 2001 the Group has produced a better than expected set of financial results. Turnover rose 46% to £6.18 million, compared with £4.24 million in the year to 31 March 2000. As was anticipated at the time of the flotation, UBC Media Group produced Group operating losses of £519,000 before write-off of goodwill and development costs (compared with a profit in the preceding period of £148,000), reflecting our commitment to the Group's digital radio strategy. As a result the Group reported a loss per share before goodwill and development costs of 0.36p and a loss of 3.25p after goodwill and development, compared with a profit per share of 0.06p in the year to 31 March 2000.

The past year has been one of enormous change and growth for UBC Media Group, and has seen a number of landmark events that have transformed the footprint of the Company. Major events include:

- The launch of Oneword, the only national commercial digital radio station dedicated to the spoken word, in which UBC Media Group is a 33% founder investor and managing partner;
- Joining the MXR consortium bidding for regional digital radio licences and undertaking to provide a regional digital radio data service. The MXR Consortium was successful in winning the first four regional digital licences awarded, covering North West and North East England, the West Midlands and South Wales and the Severn Estuary;
- The launch of the Digizone, the world's first multimedia radio channel;
- Partnering Psion and Dixons in the launch of the 'Wavefinder' digital radio receiver; and
- The acquisition of the Classic Gold format, including 12 AM licences and a radio format suitable for migration to digital platforms.

Michael Peacock

In the meantime, our traditional businesses continued to perform strongly, with a 22% increase in revenues from commissioned programmes, advertising and facilities.

At the flotation of the Company on the AIM market I was pleased to welcome the appointment of Roger Silverstone, Professor of Media and Communications at the London School of Economics as a non-executive director. Since the Company's flotation I have also been pleased to welcome two new executive directors to the Board. Firstly, Jennifer Donald who was appointed to the Board in December 2000 as Finance Director; and secondly, in February 2001, Pippa Sands, Managing Director of our Production Division.

Ours is a business that is dependent upon the skills and commitment of its employees. I would like to take this opportunity on behalf of my fellow directors to thank all of the Company's employees for their hard work and commitment and for the enthusiasm with which they have responded to the changes over the past year.

The Board has continued to seek opportunities for accelerated growth and to consolidate the Company's position as the leading digital content provider to broadcast media, internet and ultimately wireless broadband platforms. In April 2001 the Company formalised its arrangements with GWR Group covering the Digizone service and secured carriage of Classic Gold Digital on three EMAP local digital multiplexes with an option on a further four EMAP digital multiplexes. Since the year-end the Company, together with RadioScape, has also committed to develop an electronic programme guide for digital radio. The Board regards the future with optimism.

Michael Peacock
Chairman

Chief Executive's Review

THE POTENTIAL EXISTS FOR A new generation OF PORTABLE DEVICES THAT WILL USE DIGITAL RADIO AS A MEDIUM TO ACCESS CONTENT-RICH BROADCAST DATA

As we anticipated at the time of our flotation the past financial year has been one of transition for UBC Media Group. From being the largest independent audio content provider in the UK, the Company has positioned itself at the forefront of the evolving digital radio market.

UBC Media Group began the period with many of the key components that have contributed to the past year's development already in place:

- A profitable core business founded in 1989 with a high level of recurrent revenues;
- A strong and experienced management team with a proven track record in the radio sector; and
- An established reputation as the largest independent producer of customised audio content to both the BBC and the commercial radio sector.

In the year to 31 March 2001 the Company's traditional core business experienced strong organic growth and maintained operating margins. Maintaining focus on UBC Media Group's core activities was an important achievement in a year that saw the Company's flotation and expansion of its activities into new business arenas.

In July 2000, at the time of the admission of UBC Media Group's shares to the Alternative Investment Market, we announced our intention to use the proceeds of the Public Offering to accelerate the Company's digital expansion strategy. In particular, to acquire access to the digital spectrum for the delivery of audio and data content on the new multiplexes that will control future digital broadcasting. The events of the past year are a demonstration of our commitment to this strategy:

- During the year the Company continued its investment in the national commercial digital station, Oneword, broadcast on the national multiplex, Digital One, available to Sky Digital subscribers and on the Internet;
- UBC Media Group joined the MXR consortium as a shareholder, as the exclusive supplier of content for a data channel and as a founder partner

Simon Cole

on a rolling news service to be run on all the multiplexes won by the consortium. During the year the MXR consortium was successful in winning the first four regional digital multiplexes awarded;

- UBC Media Group launched the Digizone, the first ever multimedia radio station. The Digizone features new multimedia channels from the national radio stations Classic FM and Core, a wireless news service from ITN and a downloadable computer games channel developed in conjunction with the Cartoon Network;

- The Company acquired through Classic Gold Digital the Classic Gold format and AM licences for migration to digital radio stations; and

- The Company participated in the launch of the Psion 'Wavefinder' digital radio receiver in partnership with Psion and Dixons.

We believe the potential exists for a new generation of portable devices that will use digital radio as a medium to access content-rich broadcast data. With its ability to receive data content without the huge network costs of the next generation of mobile telephony, UBC Media Group's vision is of digital radio becoming a critical component of the mobile future.

During the course of the past year we have strengthened and grown our core business. In addition, we entered the new financial year with the foundations of our digital business in place, and intend to build further on them during the forthcoming year. The Company's future objectives are to continue to grow our position at national, regional and local level; become market leader in the emerging mobile data market; and to be a participant in the expected consolidation of key content suppliers. In addition, we anticipate UBC Media Group's expertise will prove valuable as digital migration occurs in the major broadcasting markets of mainland Europe.

Simon Cole
Chief Executive

The Digital Vision

The future

OF RADIO IS DIGITAL

Digital Radio is a totally different listening experience –
The signal is crystal clear and totally free of interference, there is a huge choice of stations (both old and new), and the listener will never again have to tune and retune the radio to the right frequency.

Digital Radio is also much, much more; it will revolutionise radio. As the Information Society goes mobile UBC Media Group believes the real consumer benefit of Digital Radio lies in its capability to transmit large quantities of data to many people simultaneously at no extra cost.

Up to 20% of the capacity of each digital radio multiplex is set aside to transmit data, and in the area of data transmission Digital Radio has key flexibility and cost advantages over next generation mobile telephony.

- The cost base of Digital Radio capacity is far lower than that of the 3G licences auctioned to the telecommunications industry in 2000-2001; and
- The network costs of Digital Radio are fixed – it costs no more to broadcast to one million receivers by Digital Radio than it costs to broadcast to a hundred users.

UBC Media Group's expectation is that a new generation of mobile devices will use the Digital Radio path to receive content-rich broadcast data (ranging from news and stock market information and entertainment listings, to weather and mapping services and in-car traffic and route planning information) and a 3G channel for the 'return path' – allowing the user to interact and transact.

Currently, Digital Radio's coverage reaches 79.5% of the population of Great Britain, with roll-out reaching a minimum penetration of 85% over the next few years.

The technology behind Digital Radio – Digital Audio Broadcasting (DAB) – involves encoding the audio signal into digital numbers, which are then decoded by

Wavefinder
UBC Media Group, in partnership with Psion and Dixons, launched the Psion 'Wavefinder' Digital Radio receiver.

Wavefinder
The launch of the Psion 'Wavefinder' doubled the number of Digital Radios in use in the UK.

a receiver. The digital format means more information can be compressed into the spectrum, so there is room for far more stations than ever before.

These stations are broadcast via national, regional and local multiplexes. Each multiplex carries a number of audio and data channels.

- There are two national multiplexes, one dedicated to the BBC and one to Commercial Radio – Digital One. UBC Media Group holds a 33% shareholding and is managing partner in the Digital One station, Oneword, the only national digital commercial radio station dedicated to the spoken word.

In addition, UBC is a 50% managing partner in the Digizone, the first of only two data broadcasting channels on Digital One.

- In the period to March 2001 the Radio Authority awarded a total of 23 regional and local commercial multiplex licences. UBC Media Group is a founder shareholder in the MXR consortium which in the year to 31 March 2001 won the first four regional multiplexes awarded, covering North West and North East England, the West Midlands and South Wales and the Severn Estuary. UBC Media Group, in partnership with Psion, will produce a rolling news, information and entertainment data channel on all of the multiplexes won by the consortium.

UBC is also a founder shareholder of DNN – Digital News Network. The DNN consortium will provide a rolling audio news service to all of the MXR channel operators.

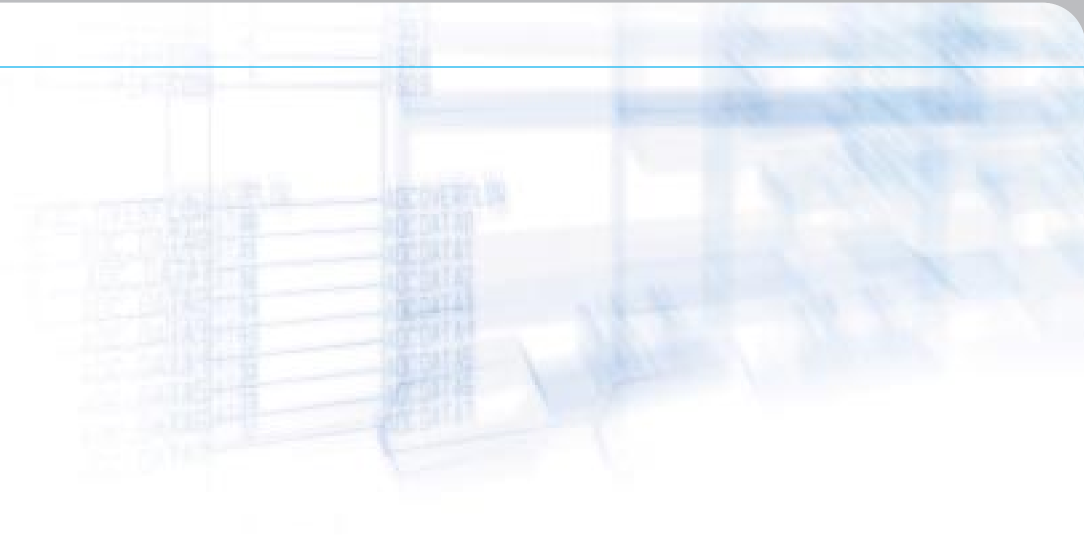
Coverage area of Digital One multiplex

Digital One's national network of transmitters covers 79.5% of the population of Great Britain

coverage area

Review of Operations

IT WAS A buoyant year FOR THE COMPANY'S CORE RADIO BUSINESS



THE UNIQUE BROADCASTING COMPANY

Towards the end of the year the Group's production operation was rebranded, *'unique the production company'*, reinforcing UBC Media Group's market position as the largest independent producer of customised audio content in the UK. Turnover for the year increased to £2.26 million, compared to £1.86 million, representing a 21% increase on the previous year. It was a buoyant year for the Company's radio production business, with record levels of repeat commissions and a strong performance in winning new programme commissions across the BBC and Commercial Radio networks.

Programming

During the year Unique was contracted to produce over 500 hours of programmes for the BBC, cementing its position as the leading external content supplier.

In the Commercial Radio sector one of the year's highlights was the award of a further two-year contract to produce the Pepsi Chart Show. Now in its eighth year, the Pepsi Chart Show is broadcast to over 90 stations in the UK, with over 3.0 million listeners. In addition, the Pepsi Midweek Chart Update launched during the year is proving popular with stations.

Towards the end of the year Unique launched Hot Gas, a syndicated comedy bulletin, initially created for the radio group, GWR, with the potential to extend the strand for other outputs.

Content

UBC Media Group has secured its lead in broadcast data through its record of quality audio content and its agility in reinventing this content for new media platforms with the inclusion of text, pictures and video. Unique's Content Division, the bigblueC, represents an important element of the Group's strategy of being a primary content provider to broadcast and internet and ultimately wireless platforms.

Pepsi Chart Show

In 2000 Unique was awarded a further two year contract to produce the Pepsi Chart Show broadcast to stations across the UK.

Dale Winton

In 2000 Dale Winton took over from Alan 'Fluff' Freeman presenting Unique's programme on BBC Radio 2, Pick of the Pops.

Richard Allinson

Unique produces the Richard Allinson Late Night Show on BBC Radio 2.

BBC Radio

During the year Unique was commissioned to produce over 500 hours of radio programmes for the BBC.

Review of Operations continued

UNIQUE INTERACTIVE IS THE DRIVER OF UBC'S digital radio data DEVELOPMENT

The Content Division produces in-house the daily Entertainment News bulletins of pop and celebrity news that are syndicated to 64 radio stations with an audience of 5.8 million adult listeners. In addition, the Group's business and financial news bulletins, produced in conjunction with Bloomberg, are syndicated across 73 radio stations, reaching over 3 million adult listeners.

During the year the Content Division extended its reach by securing for the first time contracts to supply content to a number of new media platforms, including interactive TV and providing an extensive editorial news service for NUS Online.

Commercial

UBC's Commercial Department offers advertisers a national advertising opportunity by creating a network of radio stations which broadcast the syndicated news bulletins, Bloomberg Business News, and Entertainment News, as well as Hot Gas. Airtime sales of advertising represents 31% of total UBC revenues. Sales increased by 5% in the year to 31 March 2001 to £1.91 million, compared to revenues of £1.82 million in the previous year.

The Commercial Department's wide range of advertisers includes Sony UK, Buena Vista Film Distributors, Woolworths, Royal & Sun Alliance and Virgin Trains. The Group also secured a number of successful sponsorship deals, including Nautica and John Charcol Mortgages.

UNIQUE INTERACTIVE

Unique Interactive is the driver of UBC's Digital Radio data development.

Ground-breaking projects undertaken by Unique Interactive during the year include:

- The development, in partnership with Psion, of content for the 'Wavefinder' Digital Radio receiver;
- The development of software to allow the easy transmission of content over

Mark Tully
The BBC's veteran correspondent, Mark Tully, presents Unique's weekly contemplative programme, Something Understood, on BBC Radio 4.

Live from The Stables
Unique's series for BBC Radio 2, Live from the Stables, fronted by John Dankworth and Cleo Lane, united jazz with pop.

The bigblueC
Unique's Content Division, the bigblueC, produces the daily network bulletin, Entertainment News, syndicated across the UK.

Carlton Celebrity
The bigblueC supplies customised text, audio and picture content to the entertainment internet site, Carlton Celebrity.

multiple digital radio data channels. This software can also deliver the scrolling text known as the DLS (Dynamic Label Segment) to Digital Radios;

- The launch of the Digizone, the world's first multimedia radio channel, on the Digital One national multiplex;

- UBC Media Group's participation in the MXR consortium as the supplier of a rolling news, information and entertainment data channel run on all the multiplexes won by the consortium;

- UBC Media Group's tie-up with Capital Radio and Command Audio to deliver on-demand interactive audio through the Digital Audio Broadcasting network; and

- The development of pioneering content delivery software to allow the delivery of multiformat content directly to clients utilising permanent circuits and the internet.

UNIQUE FACILITIES

Unique Facilities recorded a 44% increase in revenues in the year, derived from in-house radio production and studio facilities.

Highlights for the year include the award of the in-house radio contract for the Ideal Home Show for the fifth year running, plus important first-time mandates from Haymarket Exhibitions, the British Marine Industries Federation and IIR Exhibitions. In addition, through Unique Facilities the Group was awarded a three-year contract to provide Gala Bingo, the UK's leading operator of bingo, with its own 'in-club' bespoke radio service, Radio Gala.

CLASSIC GOLD DIGITAL

In October 2000 UBC Media Group acquired an 80% interest in Classic Gold Digital Limited. Classic Gold Digital was a newly created company formed to acquire the Classic Gold format – one of the most successful 'gold' radio formats in the UK. The purchase included a

Carlton Music
The bigblueC provides text and video content to Carlton's music internet site, The Base.

NUS Online
In 2000 the bigblueC was appointed to supply customised cutting edge content to the National Union of Students' Internet portal, NUS Online.

Bloomberg News
Unique's syndicated network, Bloomberg Business News, is broadcast across 73 radio stations reaching 3 million adult listeners.

QTwo Studio
In May, 2000 UBC opened Q Two – the first London audio facility specifically equipped for digital radio.

THE INTEGRATION OF Classic Gold Digital HAS PROGRESSED WELL

portfolio of 12 AM stations broadcasting the Classic Gold format in Bedfordshire, Berkshire, Cambridgeshire, Devon, Dorset, Essex, Gloucestershire, Hampshire, Norfolk, Northamptonshire, Suffolk, Surrey, East Sussex and Warwickshire.

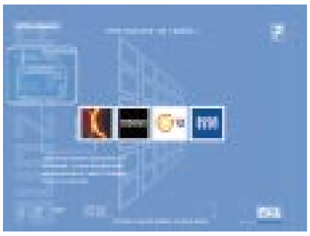
The Classic Gold format is broadcast on low quality AM frequencies, and is a format which UBC believes will particularly benefit from the transition to digital transmission. UBC has secured carriage for the Classic Gold format on a number of digital platforms and intends to extend coverage of the format in the future.

In the five months since UBC's acquisition of the Classic Gold format, Classic Gold Digital has made a positive contribution to the Group, reporting turnover for the five months of £1.2 million and a net profit of £138,000 before goodwill. Having previously been a small part of a much larger broadcasting group, Classic Gold Digital's management team has responded well to the scale and operating style of UBC Media Group and the integration of the businesses making up Classic Gold Digital has progressed well.

ONEWORD

UBC Media Group holds a 33% interest and is managing partner in the national commercial digital station, Oneword, which is broadcast on the Digital One multiplex. Our partners in Oneword are Guardian Media Group and Chivers Communications.

Oneword is the only national commercial digital radio station dedicated to the spoken word, broadcasting plays, comedy and readings. The station went on air for the first time in May 2000 from the Group's QTwo studio. In July 2000 Oneword entered into a carriage contract with BSkyB, ensuring a significant increase in the station's potential audience to include subscribers to Sky Digital's basic package. In addition, since July 2000 Oneword is available on the



The Digizone
The Digizone is the world's first multimedia radio station, featuring a downloadable computer games channel and a wireless news service.

Cartoon Network
The Cartoon Network is a radio world-first – a multimedia downloadable computer games channel developed by Unique Interactive in conjunction with the Cartoon Network.

Core
The Digizone features an interactive multimedia version of GWR Group's Core radio station.

ITN Station
The Digizone features an interactive, multimedia news service supplied by ITN.

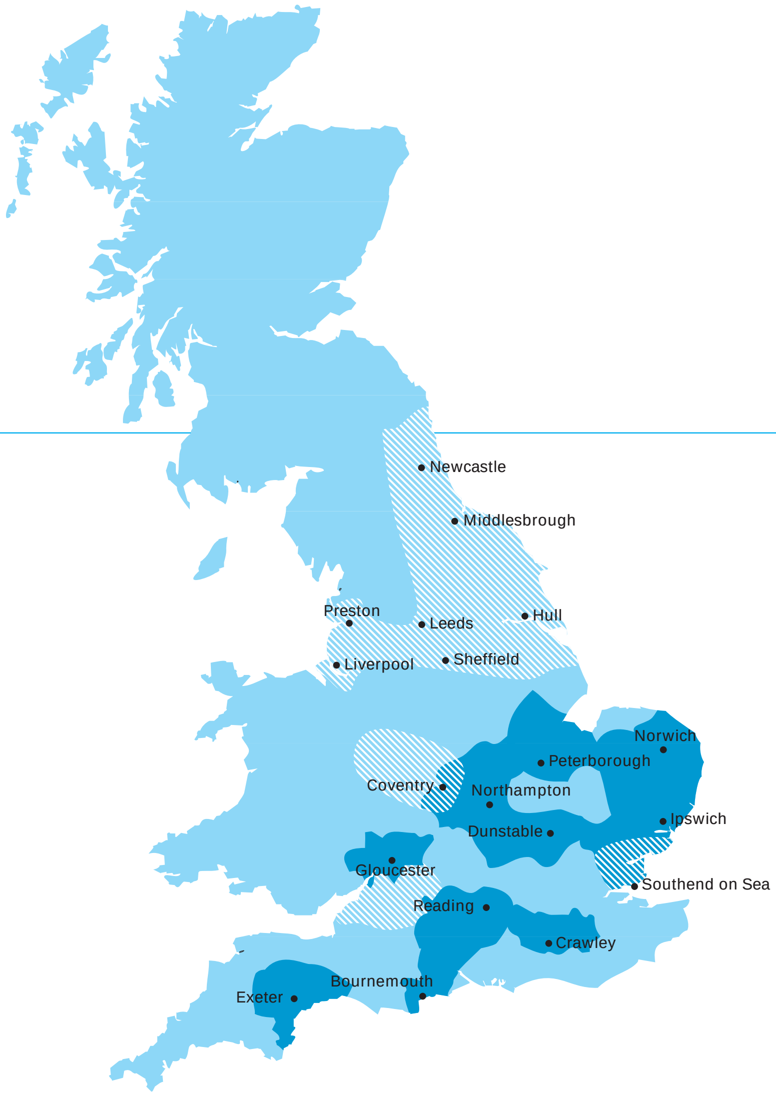
Internet on the station's own website www.oneword.co.uk.

Since the year-end Oneword has been awarded the prestigious Sony Radio Gold Award for "Radio Station of the Year (Digital Terrestrial)".

G-ONE

UBC Media Group holds a 50% interest in G-One, having increased its shareholding in the Company from 40% in January 2001. The other 50% interest in G-One is held by Ginger Media Group, part of SMG plc.

G-One has rights to the sale, barter and sponsorship of audio programmes developed by Ginger Media Group. The joint venture was formed in January 1999 and in the year traded profitably. In the past year G-One launched a number of successful new programme concepts, including a weekly series of programmes broadcast on the Galaxy Radio Network.



Coverage area of Classic Gold Digital's AM and digital stations

The Classic Gold Digital format is broadcast on both analogue and digital platforms.

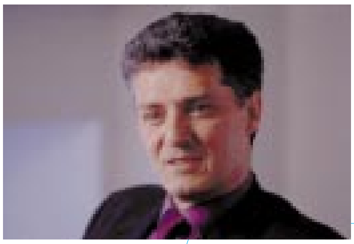
analogue coverage area

digital coverage area *(contracted or under option)*

Board of Directors

Michael Peacock (71)
Non-Executive Chairman *†

Michael Peacock has had a long and distinguished career in the media industry and is a former Controller of BBC1. Other senior management positions held by him include Managing Director of London Weekend Television and Executive Vice President of Warner Bros TV. Michael has been Chairman of Unique Broadcasting since 1989 and is also a Governor of the London School of Economics.



Simon Cole (43)
Chief Executive

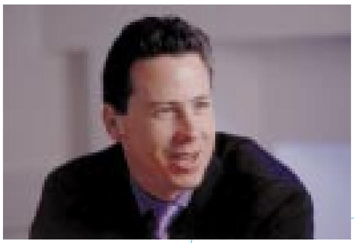
Simon Cole founded Unique Broadcasting in 1989 in partnership with Tim Blackmore, having pioneered the market for national sponsored programmes whilst at Piccadilly, where he was Head of Programmes. Simon is also currently Chairman of the trading arm of the Radio Academy.

Tim Blackmore (56)
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. He served as the first Director of the Radio Academy and in 1999 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 Awards.

Jennifer Donald (46)
Finance Director

Jennifer Donald joined the Board in December 2000. Jennifer qualified as a chartered accountant with KPMG and has held directorships in a number of private and publicly-owned companies, most recently as finance director of McCarthy Corporation plc.



Matthew Honey (35)
Managing Director, Unique Interactive

Matthew Honey joined Unique Broadcasting in 1992 and served as Finance Director of the Group until December 2000, when he was appointed Managing Director of Unique Interactive, with responsibility for the Group's Interactive and digital radio data activities. Matthew qualified as a chartered accountant with Coopers & Lybrand.

John Quinn (44)
Commercial Director

John Quinn has overall responsibility for the Group's commercial activities. John joined Unique Broadcasting in 1996. He was formerly sales controller for Virgin Radio and Atlantic 252 and launch sales director of Kiss FM.

* member of the Remuneration Committee of the Board
† member of the Audit Committee of the Board

Pippa Sands (42)
Managing Director, Production Division

Pippa Sands joined the Board in February 2001 as Managing Director of Programme Production for the Group. She is a former director of the public relations consultants, Biss Lancaster plc.

Professor Roger Silverstone (56)
Non-Executive Director *†

Roger Silverstone is Professor of Media and Communications at the London School of Economics, having previously worked in television research and production for London Weekend Television, Associated Television and the BBC. Roger Silverstone is a former non-executive director of Freeserve plc.

Paul Pascoe (39)
Non-Executive Director *†

Paul Pascoe is a Non-Executive Director and Alternate Director for Noel Edmonds. Paul is the long-standing CEO of Noel Edmonds' Unique Group of companies, which are engaged in television, event production, video communication and talent management.

Noel Edmonds (52)
Non-Executive Director

During a 30 year career with the BBC, Noel Edmonds presented some of the Corporation's highest rating entertainment shows. In 1986, Noel established the Unique Group of companies, a privately owned media and communications group.

Keith Harris (48)
Special Advisor

Keith Harris is retained by the Group as a consultant to advise on strategic and commercial issues. He has worked in investment banking for twenty years and has held senior executive positions at Morgan Grenfell, Drexel Burnham Lambert, Apax Partners & Co. and HSBC. Keith is Group Executive Chairman of Seymour Pierce Group, financial advisers to the Company.

Finance Director's Report

UBC HAS FOCUSED ON MAINTAINING ITS profitable core BUSINESS WHILE INVESTING HEAVILY IN DIGITAL RADIO

UBC has focused on maintaining its profitable core business while investing heavily in digital radio: this was the promise at flotation. In the year to 31 March 2001 we have demonstrated that commitment with a minimal cash outflow from our core business after adding back development costs.

The key results for the Group are as follows:

- Turnover has increased by 46% to £6.18 million (2000: £4.24 million);
- Gross profit has increased by 35% to £1.72 million (2000: £1.27 million);
- Development costs during the year totalled £306,000;
- The Group's net cash outflow from operating activities for the year totalled £373,000, or an inflow of £43,000 after adding back development costs and interest;
- At the year-end the Group had £2.37 million of cash in the bank.

AIM flotation

The shares of UBC Media Group were Admitted to the Alternative Investment Market of the London Stock Exchange in July 2000. At the time of the flotation UBC raised £5.0 million (£4.4 million net of expenses) through a public placing of 20 million shares, representing 17% of the Company's equity at that time, the balance being retained by the founder directors and employees of UBC Media Group. The proceeds of the fund raising have enabled the Company to accelerate its investment in Digital Radio.

Investment in Digital Radio

- In the year to 31 March 2001 UBC's share of the development expenditure in Oneword and The Digizone totalled £439,000.
- Primarily through its development subsidiary, Unique Interactive, the Company spent £306,000 on data broadcasting applications.
- In the second half of the year UBC invested £800,000 to launch the Psion 'Wavefinder' Digital Radio receiver. In exchange for the investment UBC will receive a royalty on every Psion-branded data capable Digital Radio device sold until 2009.
- In the second half of the year UBC acquired 80% of Classic Gold Digital Limited for cash raised from the issue

Jennifer Donald

of 4.9 million shares of the Company (equivalent to 3.87% of UBC's enlarged share capital) to GWR Group.

Intangibles and development

While UBC has every confidence in the success of Digital Radio, during this early investment stage we are writing off development costs and intangibles as they are incurred or acquired. This is in line with accounting practice as, whilst technical feasibility has been proved, until Digital Radio has a wider user-base economic viability is not assured. This year we have written off the following items in the Profit and Loss Account:

- Goodwill of £1.904 million relating to the digital proportion of the intangible asset of Classic Gold Digital Limited;
- The £800,000 investment in digital radio receivers that provide for a royalty on all future data capable Digital Radio devices branded by Psion;
- £306,000 development expenditure incurred by the Group; and
- UBC's £439,000 share of investment in the start-up ventures, Oneword and The Digizone.

Cash flow and financial structure

During the year UBC had a small cash inflow after adding back development costs and net interest received. This is important as it demonstrates that the core business remains cash positive and funds raised are invested into development, as was the Company's commitment at flotation.

Share price

The shares of the Company were listed at 25p per share in July 2000. At the year end the Company's share price was 31p, giving the Company a market capitalisation of approximately £40.0 million The share price ranged from a high of 66.5p and a low of 25p.

Jennifer Donald
Finance Director

Report of the Directors

For the year ended 31 March 2001

The directors present their report and the audited financial statements for the year ended 31 March 2001.

Principal activities

UBC Media Group plc was incorporated on 28 March 2000. On 22 June 2000 UBC Media Group acquired the entire issued share capital of The Unique Broadcasting Company Limited by way of a share exchange. On 3 July 2000 the shares of UBC Media Group were listed on the Alternative Investment Market of the London Stock Exchange and there was a Placing of 20,000,000 Ordinary Shares of the Company.

The principal business of the Group during the period was the ownership and operation of digital and analogue commercial radio stations, radio programme production and the provision of audio and data services to the radio, internet and telecommunications industries.

Directors and their interests

The names of the directors serving in the period and their interests throughout the year and as at 31 March 2001 were:

	Number of ordinary shares	Number of ordinary shares under option
I.M. Peacock	11,211,000	–
S.A. Cole	28,713,000	–
J.H. Donald*	–	3,000,000
T.J. Blackmore	28,713,000	–
M.A. Honey	4,800,000	3,600,000
J.P. Quinn	3,750,000	3,000,000
P.L. Sands*	–	3,000,000
R.S. Silverstone	–	–
N.E. Edmonds	18,948,000	–
P.H.B. Pascoe	–	–

At 31 March 2001, the following directors' interests were also noted:
Of the shares shown as beneficially held by I.M. Peacock, 3,411,000 are registered under the name of J.M. Hayden and R.A. Clifford as trustees of the I.M. and D.J.I. Peacock Voluntary Settlement.
The shares shown as beneficially held by N.E. Edmonds are registered under the name of Unique Communications Limited.
Of the shares shown as beneficially held by T.J. Blackmore, 3,481,500 are registered in the name of his wife Margaret Blackmore.
Details of shares under options, year of grant, exercise price and exercise period are contained in Note 19.
* Since appointment.

Substantial shareholders

At 15 May 2001 the Company has been notified of the following interests of 3% or more in its 1p ordinary shares in issue at that date.

	Number of shares	% of issued share capital
S.A. Cole	28,713,000	22.75
T.J. Blackmore	28,713,000	22.75
Unique Communications Limited	18,948,000	15.02
I.M. Peacock	11,211,000	8.88
GWR Group plc	4,878,051	3.87
M.A. Honey	4,800,000	3.80
K.R. Harris	4,500,000	3.57

Re-election of directors

In accordance with the Articles of Association I.M. Peacock, S.A. Cole, T.J. Blackmore, M.A. Honey, J.P. Quinn, N.E. Edmonds, R.S. Silverstone, J.H. Donald, P.H.B. Pascoe and P.L. Sands offer themselves for re-election at the forthcoming AGM, details of which are set out at the back of this annual report. Biographical details of all directors offering themselves for re-election can be found on pages 14 to 15.

Corporate governance

As an AIM listed group, 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. The Board of Directors is responsible to the shareholders for the Group's management and internal financial control systems. Board meetings are usually held approximately five times a year and all key managers serve on the Board. The Board discharges its responsibilities for internal financial control through the following procedures:

– a clear division of responsibilities between Executive Directors,
– a system of financial reporting, budgeting and forecasting coordinated by the Finance Director,
– the presentation of financial statements to all attendees of board meetings, and
– the establishment of an Audit Committee.

The Audit Committee consists of Michael Peacock, as chairman, Roger Silverstone and Paul Pascoe. The Audit Committee has primary responsibility for monitoring the quality of internal control and ensuring that the financial performance of the Company is properly measured and reported on and for reviewing reports from the Company's auditors relating to the Company's accounting and internal controls. The Committee has unrestricted access to the Company's auditors.

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

Annual General Meeting

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

Authority to directors to allot shares: Resolution 13

The Companies Act 1985 provides that the directors may not allot shares unless empowered to do so by the shareholders. Such a power cannot be given for longer than five years at any one time and the total nominal value of shares which can be allotted must be specified. In order to renew the Board's powers in respect of unissued shares it is, accordingly, proposed that the directors be granted general authority at any time prior to the expiry of fifteen months following the forthcoming Annual General Meeting (or prior to the next Annual General Meeting of the Company, if earlier) to allot shares up to an aggregate nominal value of £126,188 representing approximately 10% of the current issued share capital.

Disapplication of pre-emption rights: Resolution 14

This resolution is proposed for two reasons. Firstly, it renews the directors' authority to implement rights issues without complying fully with the technical requirements of section 89 of the Companies Act 1985 (relating to the allotment of shares for cash). Secondly, the resolution gives the directors authority to allot shares for cash other than by way of rights to existing shareholders up to an aggregate nominal amount of £63,094. By restricting such authority to an aggregate nominal value of no more than 5% of the issued share capital as shown by the latest published annual accounts, the Company will comply with current guidelines issued by the Investment Committees of the Association of British Insurers and the National Association of Pension Funds Limited. This power will provide the directors with the flexibility to take advantage of business opportunities as they arise. Shareholders should note that the London Stock Exchange does not require shareholders' specific approval for each issue of shares for cash on a non pre-emptive basis to the extent that under section 95 of the Companies Act 1985 the provisions of section 89 are disapplied generally. If given, this authority will expire fifteen months from the date of passing of the special resolution or, if earlier, on the date of the next Annual General Meeting of the Company. The Investment Committees also request that in any rolling three year period a company may not make non pre-emptive issues for cash of equity securities exceeding 7.5% of the Company's issued share capital without prior consultation with them.

Report of the Directors continued

For the year ended 31 March 2001

Dividends

The directors do not recommend the payment of a dividend in the period.

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 in writing or by informal briefings.

Going concern

After reviewing the Group's budget for the year to 31 March 2002 and its medium-term plans, the directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Therefore they have adopted the going concern basis in preparing the accounts.

Charitable donations

The Group made charitable contributions of £500 (2000: £144) during the period. The Group made no political donations during the period.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be reappointed will be proposed at the annual general meeting.

Policy and practice on payment of creditors

Each Group company is responsible for agreeing the detail 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.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss for that period.

The directors confirm that, in preparing the financial statements, suitable accounting policies have been used and applied consistently and prudent judgements and estimates have been made. Applicable accounting standards have been followed.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the Group and for preventing and detecting fraud and other irregularities.

By order of the Board

Jennifer Donald
Secretary

50 Lisson Street
London NW1 5DF
15 June 2001

Remuneration Report

The Board has established a Remuneration Committee with formally delegated duties and responsibilities, consisting of Michael Peacock, as chairman, Roger Silverstone and Paul Pascoe. The Remuneration Committee has responsibility for determining the 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.

	Salary, bonus & fees £	Taxable benefits £	**2001 Total £**	2000 Total £
Executive				
S.A. Cole	128,333	542	**128,875**	91,848
T.J. Blackmore	97,230	–	**97,230**	91,297
J.H. Donald*	29,167	–	**29,167**	–
M.A. Honey	92,500	388	**92,888**	60,574
J.P. Quinn	122,153	542	**122,695**	125,748
P.L. Sands**	10,752	58	**10,810**	–
Non-executive				
I.M. Peacock (Chairman)	29,078	–	**29,078**	22,016
R.S. Silverstone	11,375	–	**11,375**	–
N.E. Edmonds***	–	–	**–**	–
P.H.B. Pascoe***	–	–	**–**	–
	520,588	1,530	**522,118**	391,483

*for period from 11 December 2000
**for period from 23 February 2001
***No benefits are provided under the terms of N.E. Edmonds' and P.H.B. Pascoe's engagement.

Directors' service contracts

On 6 June 2000 the executive directors, S.A. Cole, M.A. Honey and J.P. Quinn, each entered into a 12-month fixed term rolling Service Agreement with the Company. The executive director, T.J. Blackmore, entered into a service agreement with the Company on 6 June 2000 terminable by either party given 10 weeks written notice. On 6 June 2000 the non-executive directors, Prof. R.S Silverstone, I.M. Peacock, N.E. Edmonds and P.H.B. Pascoe were appointed as non-executive directors of the Company for an initial period of one year expiring on 6 June 2001.

Directors and Advisors

For the period ended 31 March 2001

Executive directors

Simon A. Cole	Chief Executive	(appointed 6 June 2000)
Timothy J. Blackmore	Group Editorial Director	(appointed 6 June 2000)
Jennifer H. Donald	Finance Director	(appointed 11 December 2000)
Matthew A. Honey	Managing Director, Unique Interactive	(appointed 6 June 2000)
John P. Quinn	Commercial Director	(appointed 6 June 2000)
Pippa L. Sands	Managing Director, Production Division	(appointed 23 February 2001)

Non-executive directors

I. Michael Peacock	Non-executive Chairman	(appointed 6 June 2000)
Roger S. Silverstone	Non-executive Director	(appointed 6 June 2000)
Noel E. Edmonds	Non-executive Director	(appointed 6 June 2000)
Paul H.B. Pascoe*	Non-executive Director	(appointed 6 June 2000)

* Mr Paul Pascoe is also alternate non-executive director for Mr Noel Edmonds.

Special advisor
Keith Harris

Company secretary
Jennifer H. Donald

Registered office
50 Lisson Street
London NW1 5DF

Registered number
03958483

Nominated Advisor and Nominated Broker
Seymour Pierce Limited
29/30 Cornhill
London EC3V 3NF

Solicitors
Wragge & Co
55 Colmore Row
Birmingham B3 2AS

Financial Public Relations
Impact Consultancy
2 Ganton Street
London W1F 7QL

Principal Bankers
Coutts & Co.
440 Strand
London WC2R 0QS

Auditors
PricewaterhouseCoopers
1 Embankment Place
London WC2N 6NN

Registrars
Northern Registrars Limited
Northern House
Woodsome Park
Penistone Road
Huddersfield HD8 0LA

Auditors’ Report

Report of the auditors to the members of UBC MEDIA GROUP PLC

We have audited the financial statements which comprise the consolidated profit and loss account, balance sheets, the consolidated cash flow statement and the related notes.

Respective responsibilities of directors and auditors

The directors responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom Law and Accounting Standards are set out in the statement of Directors’ responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the Directors’ Report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Chairman’s Statement, the Operating and Financial Review on pages 4 to 17, the Report of the Directors and the Remuneration Report.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the 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 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 March 2001 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

15 June 2001

Consolidated Profit and Loss Account

For the year ended 31 March 2001

	Notes	Year ended 31 March 2001 Before Goodwill and Development Items £'000	Goodwill and Development Items (see note 5) £'000	Total £'000	Year ended 31 March 2000 Before Goodwill and Development Items £'000	Goodwill and Development Items (see note 5) £'000	Total £'000
Turnover: Group and share of joint ventures							
Continuing operations	1,3	**5,228**	**–**	**5,228**	4,295	–	4,295
Acquisitions		**1,200**	**–**	**1,200**	107	–	107
Discontinued operations		**–**	**–**	**–**	24	–	24
		6,428	**–**	**6,428**	4,426	–	4,426
Less: share of joint ventures' turnover							
Continuing operations		**(251)**	**–**	**(251)**	(183)	–	(183)
Group turnover		**6,177**	**–**	**6,177**	4,243	–	4,243
Cost of sales		**(4,458)**	**–**	**(4,458)**	(2,974)	–	(2,974)
Gross profit		**1,719**	**–**	**1,719**	1,269	–	1,269
Administrative expenses		**(2,238)**	**(3,366)**	**(5,604)**	(1,121)	(20)	(1,141)
Group operating (loss)/profit							
Continuing operations		**(657)**	**(308)**	**(965)**	151	(20)	131
Acquisitions		**138**	**(3,058)**	**(2,920)**	15	–	15
Discontinued operations		**–**	**–**	**–**	(18)	–	(18)
Group operating (loss)/profit		**(519)**	**(3,366)**	**(3,885)**	148	(20)	128
Share of operating (loss)/profit in joint ventures (after £2,000 goodwill amortisation (2000: £2,000))		**(2)**	**(441)**	**(443)**	21	(50)	(29)
Total operating (loss)/profit: group and share of joint ventures	4	**(521)**	**(3,807)**	**(4,328)**	169	(70)	99
Interest receivable		**129**	**–**	**129**	12	–	12
Interest payable	6	**(12)**	**–**	**(12)**	(5)	–	(5)
(Loss)/profit on ordinary activities before taxation		**(404)**	**(3,807)**	**(4,211)**	176	(70)	106
Taxation credit/(charge)	9	**6**	**–**	**6**	(43)	3	(40)
(Loss)/profit on ordinary activities after taxation		**(398)**	**(3,807)**	**(4,205)**	133	(67)	66
Equity minority interest		**(28)**	**404**	**376**	(3)	–	(3)
Equity dividends paid	27	**–**	**–**	**–**	–	–	–
Retained (loss)/profit for the financial year		**(426)**	**(3,403)**	**(3,829)**	130	(67)	63
(Loss)/earnings per share – basic	10	**(0.36)p**		**(3.25)p**	0.13p		0.06p
(Loss)/earnings per share – diluted	10	**(0.36)p**		**(3.25)p**	0.11p		0.06p

The Group has no recognised gains and losses other than those included in the (loss)/profit above, and therefore no separate statement of total recognised gains and losses has been presented. There is no difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the year stated above, and their historical cost equivalents.

Balance Sheets

As at 31 March 2001

		Group		Company	
		2001	2000	**2001**	2000
	Notes	**£'000**	£'000	**£'000**	£'000
Fixed assets					
Intangible assets	11	**671**	43	**–**	–
Tangible assets	12	**632**	499	**–**	–
Investments	13	**–**	–	**1,086**	–
Share of gross assets		**142**	139	**–**	–
Share of gross liabilities		**(564)**	(128)	**–**	–
Goodwill arising on acquisition		**68**	13	**–**	–
Interest in joint ventures	13	**(354)**	24	**–**	–
		949	566	**1,086**	–
Current assets					
Work in progress	14	**60**	47	**–**	–
Debtors					
– due after more than one year	15	**305**		**688**	–
– due within one year	15	**965**	1,027	**2,502**	
		1,270	1,027	**3,190**	–
Cash at bank and in hand		**2,368**	51	**1,859**	–
		3,698	1,125	**5,049**	–
Creditors: amounts falling due within one year	16	**(1,297)**	(1,250)	**(169)**	–
Net current assets/(liabilities)		**2,401**	(125)	**4,880**	–
Total assets less current liabilities		**3,350**	441	**5,966**	–
Creditors: amounts falling due after more than one year	17	**(87)**	(54)	**–**	–
Net assets		**3,263**	387	**5,966**	–
Capital and reserves					
Called up share capital	19	**1,262**	1,006	**1,262**	–
Share premium account	20	**6,295**	–	**6,295**	–
Other reserves	20	**(801)**	(801)	**–**	–
Profit and loss account	20	**(3,650)**	179	**(1,591)**	–
Equity shareholders' funds	24	**3,106**	384	**5,966**	–
Equity minority interest		**157**	3	**–**	–
Capital employed		**3,263**	387	**5,966**	–

The financial statements on pages 24 to 44 were approved by the Board of directors on 15 June 2001 and were signed on its behalf by

I.M. Peacock
Director

S.A. Cole
Director

Consolidated Cash Flow Statement

For the year ended 31 March 2001

	Note	2001 £'000	Year ended 31 March 2000 £'000
Net cash (outflow)/inflow from operating activities	21	**(373)**	276
Returns on investment and servicing of finance			
Interest received		**122**	12
Interest paid on finance leases		**(12)**	–
Bank interest paid		**–**	(5)
Net cash (outflow)/inflow from returns on investment and servicing of finance		**110**	7
Taxation			
UK corporation tax paid		**(28)**	(39)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(334)**	(323)
Purchase of intangible fixed assets		**(800)**	(11)
Loans to joint ventures		**(323)**	–
Net cash outflow from capital expenditure and financial investment		**(1,457)**	(334)
Acquisitions and disposals			
Purchase of business		**(2,360)**	(26)
Purchase of interest in joint ventures		**(65)**	(60)
Sale of tangible fixed assets		**1**	11
Net cash outflow from acquisitions and disposals		**(2,424)**	(75)
Equity dividends paid to shareholders		**–**	(10)
Financing			
Issue of ordinary share capital	19	**7,129**	5
Expenses of share issue		**(577)**	–
Capital element of finance lease payments		**(15)**	–
Net cash inflow from financing		**6,537**	5
Increase/(decrease) in cash in year		**2,365**	(170)
Cash balances at the beginning of the year		**2**	172
Cash balances at the end of the year	22	**2,367**	2
Represented by			
Cash and bank balances		**2,368**	51
Bank overdraft		**(1)**	(49)
		2,367	2

Notes to the Financial Statements

For the year ended 31 March 2001

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting
The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. The financial statements of each subsidiary company have been prepared to 31 March.

As permitted by Section 230 of the Companies Act, a separate profit and loss account is not presented for UBC Media Group plc.

Joint ventures are accounted for by the gross equity method from the date of their formation up to the date of sale. A fair value is attributed to the investment acquired and any excess of consideration over this fair value is disclosed in the balance sheet.

Turnover
Turnover, which excludes value added tax and trade discounts represents the invoiced value of goods and services supplied. Where commercial airtime is obtained in exchange for the provision of programming the income recognised is based on the sale of that airtime.

Fixed assets
The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Technical equipment	50%
Computer equipment	$33\frac{1}{3}$%
Office equipment	20%

The short leasehold refurbishment costs are amortised over the period of the extended lease.

The short leasehold building has been amortised over the period of the original lease.

Investments
Investments are carried at cost and are revised annually to reflect any permanent diminution in value.

Notes to the Financial Statements

For the year ended 31 March 2001

Intangible assets

Intangible assets are included at cost which includes, where appropriate, fair value to the Group at the date of acquisition assessed on an estimate of the present value of future profits projected to arise from those intangible assets.

Amortisation is calculated to write off the costs of intangible assets on a straight-line basis over their expected useful economic lives in accordance with FRS10. The expected useful economic life is 10 years except in the case of radio licenses, which are amortised over their remaining life.

The intangible asset relating to the acquired royalty rights from the sale of Psion digital radio devices has been written off in full in line with the expected sale of digital receivers in the short term.

Goodwill

Goodwill arising on consolidation represents the excess of fair value of the consideration given over the identifiable net assets acquired. Goodwill arising on consolidation has been capitalised and is being written off over its expected useful economic life in accordance with FRS10. The expected useful economic life is 10 years. The amortisation expense in respect of goodwill relating to joint ventures is included as part of the Group's share of operating profit/loss of the joint venture.

Purchased goodwill in relation to the Classic Gold analogue service is included at cost and is amortised over the life of the analogue radio licences, which is expected to be the useful economic life of the analogue service, ranging from 22 months to 50 months.

Purchased goodwill in relation to the Classic Gold future digital service has been written off in full in line with expected future cash flows from digital radio in the short term.

Work in progress

Programmes in production and acquired programmes 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. Development expenditure relating to programmes that have been or are anticipated to be commissioned for production is carried forward at cost. All other development expenditure is written off as incurred.

Foreign currencies

Trading transactions denominated in foreign currencies are translated at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Exchange gains or losses are taken to the profit and loss account in the year in which they arise.

Deferred taxation

Provision is made for deferred taxation using the liability method on all material timing differences to the extent that it is probable that the liability or asset will crystallise.

Finance and operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Where fixed assets are financed by leasing agreements, which transfer to the company substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Notes to the Financial Statements

For the year ended 31 March 2001

Development expenditure

Development expenditure is charged to the profit and loss account during the year in which it is incurred.

Development expenditure includes software development, staff costs and professional fees relating to the acquisition or pursuit of digital radio and data broadcast opportunities.

Costs of share options scheme

As a result of the grant of share options under an unapproved share option scheme since 6 April 1999, the Company 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 the balance sheet date. During the year, share options were issued under an Enterprise Management Incentive scheme. The Company is also obliged to pay National Insurance contributions on the difference between the market value at the date of grant (or the market value at the balance sheet date, if lower) and the option price.

2 Merger accounting

UBC Media Group plc merged with The Unique Broadcasting Company Limited on 22 June 2000 and has accounted for the combination using merger accounting. The issue of 100,635,000 equity shares with a nominal value of 1p each satisfied the consideration. The fair value of the consideration was £6,038,100 at 22 June 2000. No significant adjustments were deemed necessary to the assets and liabilities of The Unique Broadcasting Company Limited which have been recorded at their book values immediately prior to their merger and no adjustments were required to be made to the net assets of UBC Media Group plc. The book value of net assets of UBC Media Group plc and The Unique Broadcasting Company Limited at the date of the combination were £2 and £308,000 respectively. The difference of £801,000 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) has been credited to reserves. The Unique Broadcasting Company Limited's financial year began on 1 April 2000.

3 Turnover

		Year ended 31 March	
		2001	2000
		£'000	£'000
Geographical analysis by destination			
United Kingdom	– continuing operations	**4,900**	3,926
	– acquisitions	**1,200**	107
	– discontinued operations	**–**	24
Europe	– continuing operations	**62**	159
Rest of the World	– continuing operations	**15**	27
		6,177	4,243
Joint ventures			
United Kingdom	– continuing operations	**209**	133
Europe	– continuing operations	**42**	50
Rest of the World	– continuing operations	**–**	–
		251	183
		6,428	4,426

The Group's activities consist solely of media related activities.

Notes to the Financial Statements

For the year ended 31 March 2001

4 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	Year ended 31 March 2001 £'000	2000 £'000
Staff costs	**2,022**	1,273
Amortisation of intangible assets	**12**	–
Write down of intangible assets	**800**	2
Amortisation of goodwill	**108**	2
Write down of goodwill	**2,142**	–
Loss/(profit) on disposal of fixed assets	**1**	(4)
Depreciation of tangible fixed assets		
– held under finance leases	**58**	–
– owned	**202**	128
Auditors' remuneration – audit fees (parent company: £10,000)	**57**	28
Auditors' remuneration – non audit fees	**175**	4
National Insurance on exercise of share options	**51**	15
Operating lease rentals	**137**	68

In addition to auditors' remuneration for non-audit fees of £175,000 referred to above, £155,000 of fees were incurred in connection with the flotation of the Company. These fees have been offset against the share premium account.

5 Goodwill and development items

Continuing operations

Goodwill and development costs for continuing operations include £306,000 of development costs (2000: £18,000) and £2,000 of amortised goodwill (2000: £2,000). Development costs include staffing and professional fees for the development of data broadcasting and digital delivery systems for broadcast content.

Acquisitions

Goodwill and development costs include the following:

– write off of £1,904,000 in relation to goodwill relating to digital radio revenue in Classic Gold Digital Limited ('CGDL')
– amortisation of £106,000 of goodwill relating to analogue licences in CGDL over the remaining economic life of the twelve licences
– amortisation of £10,000 relating to other intangible assets acquired by CGDL
– professional fees of £238,000 associated with the acquisition of CGDL
– write off of £800,000 in respect of the impairment of the acquired royalty rights from the sale of Psion digital radio devices

Share of Operating loss in joint ventures

The Group's share of development costs in Oneword Radio Limited amounted to £323,000 (2000: £48,000). The Group's share of development costs of the Digizone was £116,000 (2000: £nil). Goodwill amortised on acquisition of joint ventures was £2,000 (2000: £2,000).

Notes to the Financial Statements

For the year ended 31 March 2001

6 Interest payable and similar charges

	Year ended 31 March 2001 £'000	2000 £'000
Interest on finance leases	**12**	–
Interest on bank overdraft and loans	**–**	5

7 Employee information

The average weekly number of persons employed by the Group during the year, including executive directors, was 62 (2000: 42), analysed as follows:

Staff numbers

	2001	2000
Management and administration	**10**	7
Production, editorial and sales	**52**	35
	62	42

Staff costs (for the above persons):

	2001 £'000	2000 £'000
Wages and salaries	**1,794**	1,152
Social security costs	**225**	121
Pension costs	**3**	–
	2,022	1,273

8 Directors' emoluments

	2001 £'000	2000 £'000
Aggregate emoluments	**522**	391
Emoluments payable to the highest paid director are as follows:		
Aggregate emoluments	**129**	126

The additional detailed analysis of directors' remuneration and interest in the share capital of the Company and share options are included in the Remuneration Report on page 21 and on page 18 of the Report of the Directors. They form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2001

9 Taxation

	Year ended 31 March	
	2001	2000
	£'000	£'000
UK corporation tax at 20% (2000: 20%)		
Current – group companies	**–**	40
– share of joint ventures	**5**	–
Prior years	**(11)**	–
	(6)	40

10 Earnings per share

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

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares. For the year ended 31 March 2001, unexercised share options do not have a dilutive effect on the basic loss per share.

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

		31 March 2001			31 March 2000	
	Earnings £'000	**Weighted average number of shares**	**Earnings per share pence**	Earnings £'000	Weighted average number of shares	Earnings per share pence
(Loss)/profit attributable to shareholders	**(3,829)**			63		
Basic EPS						
Earnings attributable to shareholders	**(3,829)**	**117,729,086**	**(3.25)**	63	99,892,500	0.06
Effect of dilutive securities options	**–**	**–**	**–**	–	13,079,370	–
Diluted EPS	**(3,829)**	**117,729,086**	**(3.25)**	63	112,971,870	0.06
Supplementary earnings per share to exclude goodwill and development costs						
Basic EPS						
Earnings attributable to shareholders	**(3,829)**			63		
Effect of goodwill and development costs on Group	**3,403**			67		
	(426)	**117,729,086**	**(0.36)**	130	99,892,500	0.13
Effect of dilutive securities						
Options	**–**	**–**	**–**	–	13,079,370	–
Diluted EPS excluding goodwill and development costs	**(426)**	**117,729,086**	**(0.36)**	130	112,971,870	0.11

Supplementary basic and diluted EPS has been calculated to exclude the effect of goodwill and development costs incurred by the Group and its joint ventures.

11 Intangible assets

Group	Other Intangible Assets £'000	Purchased Goodwill £'000	Goodwill Arising on Consolidation £'000	Total £'000
Cost				
At 1 April 2000	30	–	17	47
Additions	860	2,830	–	3,690
At 31 March 2001	890	2,830	17	3,737
Amortisation				
At 1 April 2000	2	–	2	4
Amortisation for the year	12	106	2	120
Impairment of goodwill and intangible assets	800	2,142	–	2,942
At 31 March 2001	814	2,248	4	3,066
Net book value				
At 31 March 2001	76	582	13	671
At 31 March 2000	28	–	15	43

On 31 October 2000, Classic Gold Digital Limited, an 80% owned subsidiary of the Group, acquired the Classic Gold programme format and 12 AM licences from GWR Radio Services Limited. Full details of the acquisition are given in note 23.

During the year, the Group acquired a future royalty stream from all digital radio devices sold under the Psion brand until 2009, for £800,000. The total amount of £800,000 has been written off during the year in accordance with the Group policy.

The Company has no intangible assets.

Notes to the Financial Statements

For the year ended 31 March 2001

12 Tangible fixed assets

Group	Short Leasehold Refurbishment £'000	Short Leasehold Building £'000	Computer Equipment £'000	Office Equipment £'000	Technical Equipment £'000	Total £'000
Cost						
At 1 April 2000	53	25	583	456	43	1,160
Additions	10	–	205	100	80	395
Disposals	–	–	(3)	–	(1)	(4)
At 31 March 2001	63	25	785	556	122	1,551
Depreciation						
At 1 April 2000	17	25	363	247	9	661
Charge for year	11	–	142	71	36	260
Disposals	–	–	(1)	–	(1)	(2)
At 31 March 2001	28	25	504	318	44	919
Net book value						
At 31 March 2001	35	–	281	238	78	632
At 31 March 2000	36	–	220	209	34	499

Included within fixtures and fittings at 31 March 2001 are assets held under finance lease at a cost of £6,000, accumulated depreciation of £1,000 and net book value of £5,000 (2000 cost and net book value: £6,000) and computer equipment at a cost of £185,000, accumulated depreciation of £58,000 and net book value of £127,000 (2000 cost and net book value: £123,000). The Company held no tangible assets during the year.

Notes to the Financial Statements

For the year ended 31 March 2001

13 Fixed asset investments

	Company £'000
Cost	
At 1 April 2000	
Additions	1,086
At 31 March 2001	1,086
Net book value	
At 31 March 2001	1,086
At 31 March 2000	–

Fixed Asset investment additions include £1,006,000 for 100% of the issued share capital of The Unique Broadcasting Company Limited, as part of the share for share exchange. A further £80,000 was paid for 80% of the issued share capital in Classic Gold Digital Limited. The shares were issued at par.

A list of principal subsidiaries, joint ventures and associates is contained in note 32.

Interests in joint ventures

	Group		Company	
	2001 £'000	2000 £'000	**2001 £'000**	2000 £'000
At 1 April				
– net assets/(liabilities)	**11**	(19)	**–**	–
– goodwill	**13**	15	**–**	–
Additions				
– net assets	**8**	57	**–**	–
– goodwill	**57**	–	**–**	–
Share of losses retained	**(443)**	(29)	**–**	–
At 31 March				
– net (liabilities)/assets	**(422)**	11	**–**	–
– goodwill	**68**	13	**–**	–

The gross liabilities of the joint ventures exceeds 15% of the gross liabilities of the Group. Under the terms of FRS9 the following additional disclosure is required:

	As at 31 March	
Group's share of	**2001 £'000**	2000 £'000
Turnover	**251**	183
Fixed assets	**3**	37
Current assets	**139**	102
Liabilities due within one year	**(259)**	(128)
Liabilities due after more than one year	**(305)**	–
Net assets	**(422)**	11

Notes to the Financial Statements

For the year ended 31 March 2001

14 Work in progress

	Group		Company	
	2001	2000	**2001**	2000
	£'000	£'000	**£'000**	£'000
Work in progress	**60**	47	**–**	–

15 Debtors

Due after more than one year

Debtors due after more than one year for the Group of £305,000 (2000: £nil) consist of a loan to the joint venture Oneword Radio Limited. The loan is interest free and repayable at the discretion of the Board of Oneword Radio Limited.

Debtors due after more than one year for the Company consist of an unsecured convertible loan note to Classic Gold Digital Limited of £2,042,000 (2000: £nil) repayable on 30 October 2010. During the year, the loan was written down to the fair value of £688,000, representing the discounted expected future cash flows of Classic Gold Digital Limited. This is consistent with the treatment of the goodwill the loan was used to acquire. Repayment of the loan can be made quarterly in complete multiples of £50,000 from 30 October 2002 onwards. The loan attracts interest on a straight line basis at 4% per annum.

Due within one year

Debtors due within one year consist of the following:

	Group		Company	
	2001	2000	**2001**	2000
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year				
Trade debtors	**647**	814	**–**	–
Other debtors	**7**	2	**–**	–
Corporation tax repayable	**1**	–	**–**	–
Prepayments and accrued income	**145**	188	**7**	–
Amounts owed by group undertakings	**–**	–	**2,495**	–
Amounts owed by joint ventures	**165**	23	**–**	–
	965	1,027	**2,502**	–

Amounts owed by group undertakings are interest free and repayable on demand. Amounts owed by joint ventures are interest free and repayable on demand.

Notes to the Financial Statements

For the year ended 31 March 2001

16 Creditors: amounts falling due within one year

				As at 31 March
	Group		Company	
	2001	2000	**2001**	2000
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**1**	49	**–**	–
Trade creditors	**320**	530	**–**	–
Obligations under finance leases	**38**	26	**–**	–
Amounts owed to Group undertakings	**–**	–	**120**	–
Other taxes and social security	**78**	41	**–**	–
Corporation tax	**–**	33	**–**	–
VAT payable	**80**	99	**46**	–
Other creditors	**64**	–	**–**	–
Accruals and deferred income	**716**	472	**3**	–
	1,297	1,250	**169**	–

The bank loans and overdrafts are secured by floating charges over the assets of The Unique Broadcasting Company Limited and Unique Facilities Limited and are repayable on demand.

17 Creditors: amounts falling due after more than one year

		As at 31 March
	2001	2000
Group	**£'000**	£'000
Obligations under finance leases	**87**	54
The obligations under finance leases fall due as follows:		
Within one year	**38**	26
Between one and two years	**73**	26
Between two and five years	**14**	28

18 Provisions for liabilities and charges

Deferred taxation

Due to losses arising no provision has been made to the accounts for deferred taxation. Any deferred tax asset has not been recognised.

Notes to the Financial Statements

For the year ended 31 March 2001

19 Called up share capital

Group	2001 £'000	As at 31 March 2000 £'000
Authorised:		
200,000,000 ordinary shares of 1 pence each (2000: 200,000,000)	**2,000**	2,000
Allotted, called up and fully paid		
126,188,051 ordinary shares of 1 pence each (2000: 1,006,350)	**1,262**	1,006
Company		
Authorised:		
200,000,000 ordinary shares of 1 pence each (2000: 50,000 of £1 each)	**2,000**	50
Allotted, called up and fully paid		
126,188,051 ordinary shares of 1 pence each (2000: 2 of £1 each)	**1,262**	–

Potential issue of ordinary shares

Certain senior executives hold options to subscribe for shares in the Company at prices ranging from 1p to 48.5p per share under the unapproved share option scheme approved on 6 June 2000, the Enterprise Management Incentive Scheme approved on 20 October 2000 and the Employee Benefit Trust approved on 12 December 2000. Options on 675,000 shares were exercised during the year. The number of shares subject to options, the periods in which they were granted and the periods in which they may be exercised are given below:

Year of grant (Year ended)	Exercise price (pence)	Exercise Period	31 March 2001 Numbers	31 March 2000 Numbers
31 March 1996	1.00	1997-2002	600,000	600,000
31 March 1998	1.03-1.33	1997-2005	3,300,000	3,375,000
31 March 1999	1.06-2.46	1998-2006	3,225,000	3,825,000
31 March 2000	3.13-6.4	2001-2007	4,200,000	4,200,000
31 March 2001	6.4-48.5	2002-2010	6,150,000	–
			17,475,000	12,000,000

For details of Directors' share options see page 18 of the Report of Directors, which forms part of these financial statements.

On 22 June 2000 UBC Media Group plc acquired the entire issued share capital of The Unique Broadcasting Company Limited in exchange for 100,635,000 1p ordinary shares in the Company; on this date the ordinary shares were issued at par. The results for the year and comparative figures for the year ended 31 March 2000 have been prepared in accordance with merger accounting principles.

On 3 July 2000 the company was admitted to the Alternative Investment Market of the London Stock Exchange. The company issued 20,000,000 1p ordinary shares at 25p per share raising £5 million gross.

On 31 October 2000 the Company issued 4,878,051 1p ordinary shares to GWR Radio Services Limited at 43.5p per share for cash.

During the year, 3 employees exercised their share options. On 20 July 2000, 300,000 shares were issued at 1.06p per share, on 25 August 2000, a further 300,000 shares were issued at 1.06p per share and on the 22 September 2000, 75,000 shares were issued at 1.03p per share.

20 Share premium account and reserves

	Group and Company Share premium reserve £'000	Group Profit and loss reserve £'000	Group Other reserve £'000	Company Profit and loss reserve £'000
At 1 April 2000	–	179	(801)	–
Premium on issue of shares	6,872	–	–	–
Flotation costs transferred to share premium account	(577)	–	–	–
Retained loss for the year	–	(3,829)	–	(1,591)
At 31 March 2001	**6,295**	**(3,650)**	**(801)**	**(1,591)**

The restructuring of the Group on 22 June 2000 resulted in a merger reserve of £801,000 in accordance with merger accounting principles.

21 Reconciliation of operating (loss)/profit to net cash flow from operating activities

	Year ended 31 March	
	2001 £'000	2000 £'000
Continuing operations		
Operating (loss)/profit	**(3,885)**	128
Loss/(profit) on sale of fixed assets	**1**	(4)
Amortisation of intangible assets	**12**	–
Write down of intangible assets	**800**	2
Amortisation of goodwill	**108**	2
Write-down of goodwill	**2,142**	–
Depreciation of tangible fixed assets	**260**	128
Increase in work in progress	**(13)**	(5)
Decrease in debtors	**88**	(213)
Increase in creditors	**114**	238
Net cash (outflow)/inflow from operating activities	**(373)**	276

22 Reconciliation of movements in net debt

	At 31 March 2000 £'000	Cash flow £'000	Other non cash changes £'000	**At 31 March 2001 £'000**
Cash in hand and at bank	51	2,317	–	**2,368**
Overdrafts and loans	(49)	48	–	**(1)**
	2	2,365	–	**2,367**
Finance leases due after one year	(54)	–	(33)	**(87)**
Finance leases due within one year	(26)	–	(12)	**(38)**
Net debt	(78)	2,365	(45)	**2,242**

Notes to the Financial Statements

For the year ended 31 March 2001

23 Acquisitions

Classic Gold Digital Limited (CGDL) was originally acquired by the Group on 31 October 2000 for a total consideration of £80,000. CGDL was incorporated on 17 July 2000. Immediately following this acquisition, CGDL acquired the Classic Gold format and AM licences from GWR Radio Services Limited for a total consideration of £2,652,000 (professional costs associated with this acquisition amounted to £238,000). This purchase has been accounted for as an acquisition. From the date of the acquisition to 31 March 2001, the acquisition contributed £1,200,000 to turnover, £1,847,000 loss before interest and £1,881,000 loss after interest. CGDL contributed £412,000 to the Group's net operating cash flows, and accrued £34,000 in respect of interest. No payments were made for corporation tax or capital expenditure, other than those referred to above.

Details of the assets acquired are set out below:

	Book Value £'000	Fair Value Adjustment £'000	**Fair Value £'000**
Licences	60	–	**60**
Goodwill	2,830	–	**2,830**
Total consideration	2,890	–	**2,890**
Satisfied by			
Cash	2,360	–	**2,360**
Shares in CGDL	530	–	**530**

On 1 January 2001, the Group acquired a further 10% interest in G-One Limited for a consideration of £60,000, increasing its shareholding in the company to 50%. On 22 May 2000 the Group acquired a further 3% of the share capital of Oneword Radio Limited for £5,100, increasing its shareholding to 33%.

24 Reconciliation of movements in shareholders' funds

	Group		Company	
	2001	2000	**2001**	2000
	£'000	£'000	**£'000**	£'000
Opening equity shareholders' funds	**384**	321	**–**	–
Issue of new shares	**256**	–	**1,262**	–
Share premium	**6,295**	–	**6,295**	–
(Loss)/profit for the financial year	**(3,829)**	63	**(1,591)**	–
Closing equity shareholders' funds	**3,106**	384	**5,966**	–

25 Operating lease commitments

Annual commitments under non-cancellable operating leases expiring:

	31 March 2001			31 March 2000		
	Land and buildings	**Other**	**Total**	Land and buildings	Other	Total
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Within 2 to 5 years	**80**	**4**	**84**	60	39	99
After 5 years	**53**	**–**	**53**	12	–	12
	133	**4**	**137**	72	39	111

26 Contingent liabilities

The directors have sought advice in connection with legal claims being brought against The Unique Broadcasting Company Limited ("Unique") by one of their customers for services provided by Unique. In November 1999, Radio Dimensione Soun ("RDS") commenced proceedings against Unique and against Elemedia SpA in the court of Milan for £800,000. Unique has denied the claims. A hearing was held on 18 April 2001, and a decision on jurisdiction and the merits of the case is pending. Having considered legal advice the directors believe there is a strong chance of successfully defending this claim and that no provision is required in respect of this.

27 Dividends and appropriations

No dividends have been proposed for the year.

Notes to the Financial Statements

For the year ended 31 March 2001

28 Related party transactions

Transactions with directors

During the year £17,000 (2000: £66,000) was paid to Mr A. Freeman, a freelance presenter engaged by the Group. Mr T.J. Blackmore, a director of the Group, acts as Mr Freeman's manager and received remuneration under this agreement with Mr Freeman.

During the year £2,000 (2000: £6,000) was paid by the Unique Group Limited and £5,000 (2000: £nil) by Unique Video Broadcasting, companies associated with Noel Edmonds, a director of the Company. Payments were in respect to software and technology services provided by the Group.

Transactions with Joint ventures

During the year the Group charged MTV Radio Productions Limited £119,000 (2000: £130,000), G-One Limited £52,000 (2000: £24,000), Oneword Radio Limited £218,000 (2000: £78,000) and The Digizone Limited £112,000 (2000: £nil). The Group provided management, technical and administration services and studio facilities to the joint ventures. The group was charged £38,000 (2000: £40,000) by MTV Radio Productions Limited during the year for the provision of programming to the Group.

Details of balances held with group companies at the year end are disclosed in notes 15 and 16.

29 Financial instruments

The Group's financial instruments comprise borrowings, cash and liquid resources and various items, including trade debtors and trade creditors that arise directly from operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

Objectives, policies and strategies

It is, and has been throughout the period the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate and liquidity risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below;

Foreign currency risk

The Group has no material exposure to foreign currency risk.

Numerical Disclosures

Short term debtors and creditors have been excluded from the disclosures.

29 Financial instruments continued

Financial assets

The interest rate profile of the Group's financial assets at 31 March was:

	2001 £'000	2000 £'000
Cash at bank – floating rate	**518**	51
– fixed rate	**1,850**	–

The fixed rate deposits are placed on 1 and 6 months deposits, callable on demand at 5.6875% and 5.625% per annum respectively. Floating rate cash earns interest based on the relevant LIBID equivalents or government bond rates.

Financial liabilities

The interest rate profile of the Group's financial liabilities at 31 March was:

	2001 £'000	2000 £'000
Bank overdraft – floating rate	**1**	34
Loans – floating rates	**–**	15
Finance lease obligations – floating rates	**125**	80

The floating rate liabilities comprise bank borrowings bearing interest rate at LIBOR plus a margin of 2.5% to 3.0% per annum and finance leases bearing interest rate at NWBR plus a margin of 2.85%.

Maturity of financial liabilities

The maturity profile of the Group's financial liabilities at 31 March 2001 is detailed in the note 17.

30 Future liabilities

On exercise of share options after 6 April 1999, the Company will be required to pay National Insurance on the difference between the exercise price and the market value of the shares issued. As described in note 19 the options issued by the Company since 6 April 1999 will vest at various dates. The Company will become unconditionally liable to pay the National Insurance upon exercise of the options belonging to employees who are not also directors; this is in accordance with the policy of the Board of Directors. The amount of National Insurance payable will depend upon the number of employees who remain with the Company and exercise their options, the market value of the Company's ordinary shares at the time of the exercise and the prevailing National Insurance rate at that time. At 31 March 2001 a provision of £33,000 (2000: £15,000) has been included in respect of this liability.

Notes to the Financial Statements

For the year ended 31 March 2001

31 Post balance sheet events

On 12 April 2001 UBC Media Group plc and GWR Group plc announced the formation of a joint venture company, The Digizone Limited, having launched the first commercial digital radio data service on the national multiplex, Digital One, in September 2000. As a consequence, the results for The Digizone Limited for the period ended 31 March 2001 have been accounted for as a joint venture in accordance with FRS9.

On 17 April 2001, UBC Media Group plc secured carriage of Classic Gold Digital on three of the EMAP digital multiplexes, with an option to acquire carriage on a further four multiplexes, at an estimated total cost of £665,000 per annum.

32 Principal subsidiaries, joint ventures and associates

	Percentage owned 2001 %	Percentage owned 2000 %	**Principal Activity**
Subsidiaries: immediate holding company UBC Media Group plc			
The Unique Broadcasting Company Limited	**100**	100	Radio production, barter and advertising sales
Classic Gold Digital Limited	**80**	–	Radio broadcasting
Subsidiaries: immediate holding company The Unique Broadcasting Company Limited			
Unique Facilities Limited	**100**	100	Audio studio facilities and services
Gilmour Broadcasting Limited	**75**	75	Radio production
Unique Interactive Limited	**100**	100	Software development
Joint ventures of The Unique Broadcasting Company Limited			
MTV Radio Productions Limited	**40**	40	Radio production
G-One Limited	**50**	40	Radio production
Oneword Radio Limited	**33**	30	Digital radio
The Digizone Limited*	**50**	100	Digital data broadcasting

* At 31 March 2001 a joint arrangement with GWR Group plc in respect of The Digizone Limited was in place. This was formalised on 12 April 2001.

The joint ventures have been included in the Group accounts using the following accounting periods:

MTV Radio Productions Limited	Year ended 31 December 2000
G-One Limited	Year ended 31 December 2000
Oneword Radio Limited	Year ended 31 March 2001
The Digizone Limited	Period ended 31 March 2001

UBC media group

Notice of The Annual General Meeting

NOTICE IS HEREBY GIVEN that the first Annual General Meeting of the Company will be held at the Royal Institute of British Architects, 66 Portland Place, London W1B 1AD on 27 July 2001 at 11.00 a.m. 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 2001;

2 to re-appoint PricewaterhouseCoopers as the auditors of the Company to hold office from the conclusion of the Meeting until the conclusion of the next annual general meeting and to authorise the directors to fix their remuneration;

3 to re-elect I.M. Peacock, who was appointed during the year and retires by rotation pursuant to Article 86 of the Company's Articles of Association and who, being eligible, offers himself for re-election, as a director;

4 to re-elect S.A. Cole, 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 re-elect T.J. Blackmore, 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;

6 to re-elect M.A. Honey, 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;

7 to re-elect J.P. Quinn, 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;

8 to re-elect N.E. Edmonds, 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;

9 to re-elect R.S. Silverstone, 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;

10 to re-elect P.H.B. Pascoe, 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;

11 to re-elect J.H. Donald, 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 herself for re-election, as a director;

12 to re-elect P.L. Sands, 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 herself for re-election, as a director.

Special Business:

13 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 £126,188 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 2002, 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 pursuant of such offer or agreement as if the authority conferred hereby had not expired;

Notice of Meeting

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

THAT, subject to and conditionally upon the passing of resolution No.4 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:-

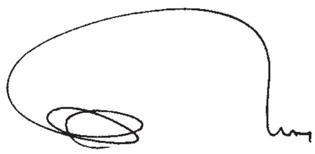
(i) to the allotment of equity securities in connection with a rights issue in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to their holdings of such shares subject to such exclusions or entitlements, 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 £63,094 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 2002, 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;

Dated 15 June 2001

By Order of the Board,



Registered Office:
50 Lisson Street
London
NW1 5DF

J.H. Donald
Secretary

Notes:

1 A member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and (on a poll) vote instead of him. A proxy need not be a member of the Company.

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

3 The Register of Directors' Interests in the 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.

UBC Media Group plc – Proxy Form

for use by Shareholders at Annual General Meeting, to be held on 27 July 2001

I/We (name in full) ....(in BLOCK CAPITALS please) of ....
...., being (a) holder(s) of Ordinary Shares of 1p each of the Company, hereby appoint **the duly appointed Chairman* of the Meeting** or ……………………….......................… to act as my/our proxy at the Annual General Meeting of the Company to be held on 27 July 2001, and at any adjournment thereof.

* see Note 7 below

RESOLUTIONS	FOR	AGAINST
Ordinary business		
1 To receive the Directors' Report and Accounts	☐	☐
2 To re-appoint auditors and approve auditors' remuneration	☐	☐
3 To re-elect I.M. Peacock as a Director	☐	☐
4 To re-elect S.A. Cole as a Director	☐	☐
5 To re-elect T.J. Blackmore as a Director	☐	☐
6 To re-elect M.A. Honey as a Director	☐	☐
7 To re-elect J.P. Quinn as a Director	☐	☐
8 To re-elect N.E. Edmonds as a Director	☐	☐
9 To re-elect R.S. Silverstone as a Director	☐	☐
10 To re-elect P.H.B. Pascoe as a Director	☐	☐
11 To re-elect J.H. Donald as a Director	☐	☐
12 To re-elect P.L. Sands as a Director	☐	☐
Special business		
13 To give an allotment authority	☐	☐
14 To disapply pre-emption rights	☐	☐

Dated ....2001 Signature ....

Please mark "X" how you wish your votes to be cast (see note 6 below).

NOTES:

1 A proxy need not be a member of the Company.
2 In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the Register of Members in respect of the joint holding.
3 In the case of a corporation this proxy must be given under its common seal or be signed on its behalf by an attorney or officer duly authorised.
4 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.
5 Any alterations made in this form should be initialled.
6 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 Meetings, or any other motion put to the meeting the proxy will act at his/her/their discretion.
7 If it is desired to appoint as proxy any person other than the Chairman of the Meeting, his/her name and address should be inserted in the relevant place, reference to the Chairman deleted and the alteration initialled.
8 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.

Cut along dotted line

Third fold (tuck in)

First fold

BUSINESS REPLY SERVICE
Licence No HF1 06

1

Northern Registrars Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0JQ
England

Second fold

First fold

Designed and produced by Loewy Group +44 (0)20 7798 2000