UBC media group

UBC MEDIA GROUP PLC
ANNUAL REPORT & ACCOUNTS 2005

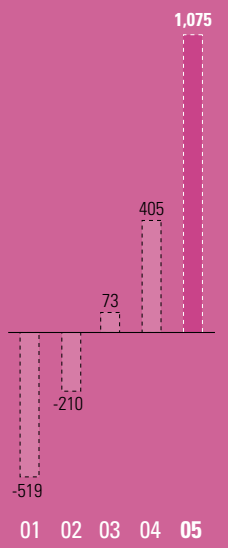
UBC MEDIA GROUP PLC ANNUAL REPORT AND ACCOUNTS 2005

GROUP TURNOVER

£ millions

OPERATING PROFIT/(LOSS)*

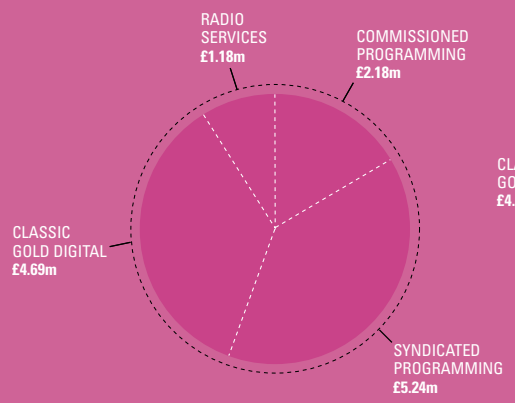
£ thousands



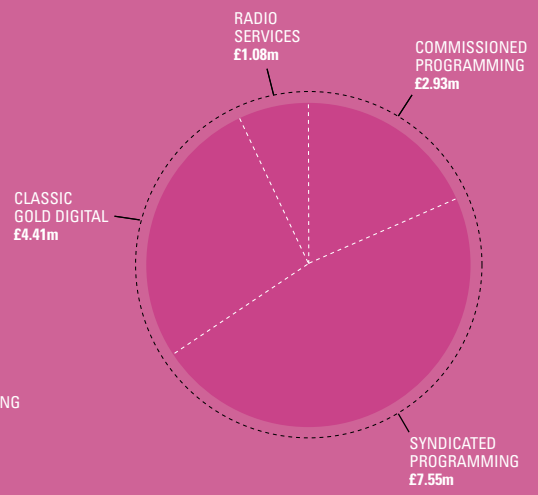
*Before goodwill and digital licences

UBC ENCOMPASSES A RANGE OF BUSINESSES SERVING THE GROWING DIGITAL RADIO SECTOR. UBC'S RADIO STATIONS INCLUDE THE NATIONAL DIGITAL STATIONS, CLASSIC GOLD DIGITAL AND ONEWORD RADIO. UBC IS ALSO A LEADING SUPPLIER OF RADIO SERVICES, INCLUDING SOFTWARE TO OPERATE DIGITAL RADIO DATA SERVICES. IN ADDITION, UBC RANKS AS THE LEADING INDEPENDENT SUPPLIER OF RADIO PROGRAMMES TO THE BBC AND THE COMMERCIAL RADIO INDUSTRY.

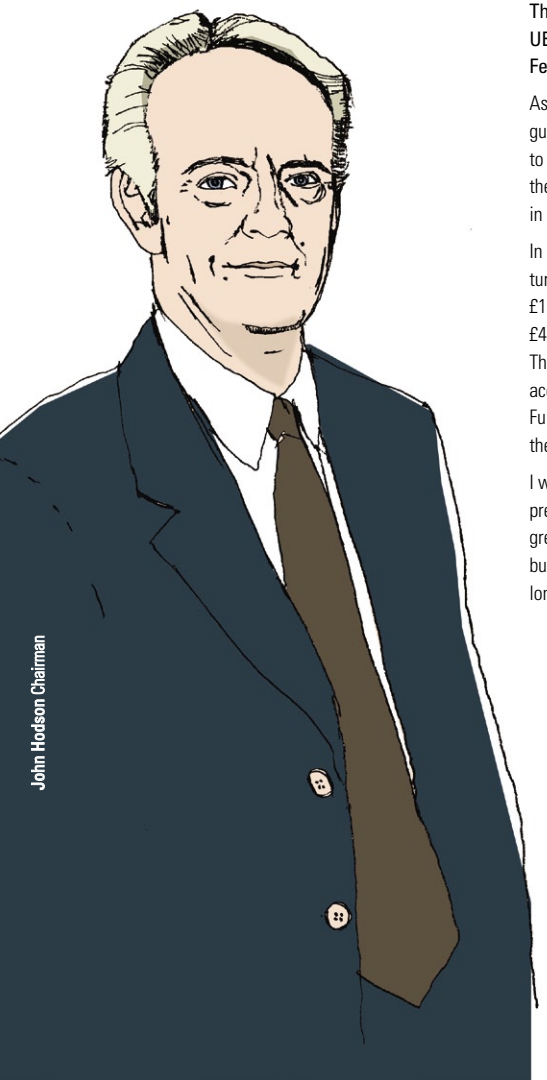
TURNOVER BY DIVISION **2004**



TURNOVER BY DIVISION **2005**



CHAIRMAN'S STATEMENT



This is the first opportunity I have had to write to the shareholders of UBC Media Group since my appointment as Chairman of the Company in February 2005.

As the new Chairman I think it is helpful to reiterate the strategy that has guided the Group's development since its flotation in July 2000. This has been to maximise the returns from UBC's traditional businesses as a means to finance the Group's digital expansion, including the significant programme of investment in its portfolio of digital assets.

In keeping with UBC's strategy, I am delighted to report another year of strong turnover growth for the Group. Turnover grew by 20% to £15.96 million (2004: £13.29 million). Operating Profits for the Group increased to £1,075,000 (2004: £405,000) before goodwill of £704,000 and digital licences of £1.50 million. The growth in the past year reflects a combination of both organic growth and acquisitions, with positive contributions from all the Group's main divisions. Full details of the performance of each of the Group's divisions are contained in the Financial Review.

I would like to take this opportunity to extend the thanks of the board to my predecessor, Michael Peacock, who performed the role of chairman of UBC with great skill since the Company was founded in 1989. Michael's contribution to the business has been enormous, bringing to UBC all the experience gained from a long and distinguished career in the media industry. On behalf of my colleagues I would like to express my appreciation to Michael for all he has done to guide UBC to where it is today and to wish him a long and well deserved retirement.

Following his decision to stand down as a director, I would also like to thank Keith Harris on behalf of the rest of the Board for his long standing contribution to the Company, and most recently for his services as a director of UBC.

The commercial and creative successes of the past year could not have been achieved without the enthusiasm and commitment of the whole team at UBC. The Company has a highly talented workforce and it is their consistent and focused efforts that have enabled us to deliver a further year of strong growth.

UBC is founded on a culture of innovation and creativity and the strong performance of the past year is evidence of the robust and complementary mix of businesses within the Group. The Company is led by an established management team that is young and energetic, and with ambitions to grow the business substantially over the next few years. I believe that with a continuing favourable environment the prospects for the Company in the current year are good.

John Hodson
Chairman

CHIEF EXECUTIVE'S STATEMENT

I am pleased to be able to report a further year of strong growth for UBC Media Group, delivering on our past commitment to shareholders and putting in place a robust foundation for the next stage in the development of your company.

Digital radio is now a success story, with the UK leading the world. Key skills for exploiting the digital marketplace are the supply of content, control of spectrum and software development. UBC is well placed in each of these areas, with skills and experience, as is evident from a number of developments during the last year, both in the UK and overseas.

The high growth digital radio environment that we anticipated and around which we have built UBC is now upon us. DAB is proving to be one of the fastest ever new technologies to reach mass market status and the industry's forecasts for take-up this year are currently being revised upwards. UBC has sought to create the right business mix for an environment that we believe will operate on different economic models from that of the traditional analogue radio world.

The creation of strong brands is of growing importance in what is an increasingly competitive marketplace. In this respect, our partnership with Channel 4 Television in our national digital radio station, Oneword Radio, is of particular significance, and also demonstrates the increasing value of ownership of digital radio licences.

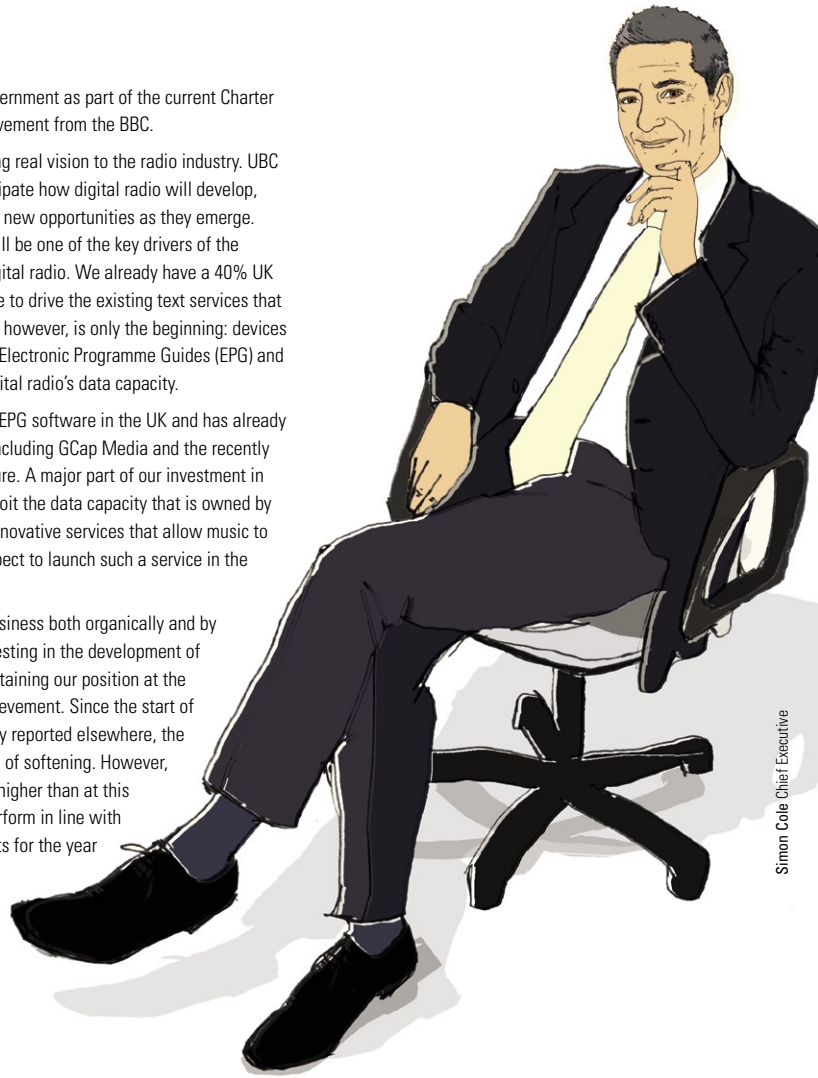
As we predicted, networking and the ability to generate revenues by providing programming to stations owned by others is becoming a key part of the digital radio economy. It is in this area that we have seen particularly strong growth in the past year. Our syndicated programmes now reach 34% of the UK population every day and revenues grew 44.1% in the year. The acquisition of the leading regional independent production company, Smooth Operations, has made an important contribution to a 34.4% growth in revenues from commissioned programming. We continue to be one of the leading suppliers of programmes to the BBC and the value of this position is amplified by the BBC's intention to double the programming it commissions from independent production companies. Whilst we welcome a step that will benefit our production businesses, it will still leave radio outsourcing significantly behind that of television. We see no justification for this, and are lobbying government as part of the current Charter Review process to encourage greater movement from the BBC.

Digital radio offers the opportunity to bring real vision to the radio industry. UBC Media Group's strategy has been to anticipate how digital radio will develop, and position the Company to benefit from new opportunities as they emerge. We believe the ability to transmit data will be one of the key drivers of the next stage in the development of DAB digital radio. We already have a 40% UK market share for the provision of software to drive the existing text services that accompany digital radio broadcasts. This, however, is only the beginning: devices are now being launched which allow full Electronic Programme Guides (EPG) and facilitate sophisticated services using digital radio's data capacity.

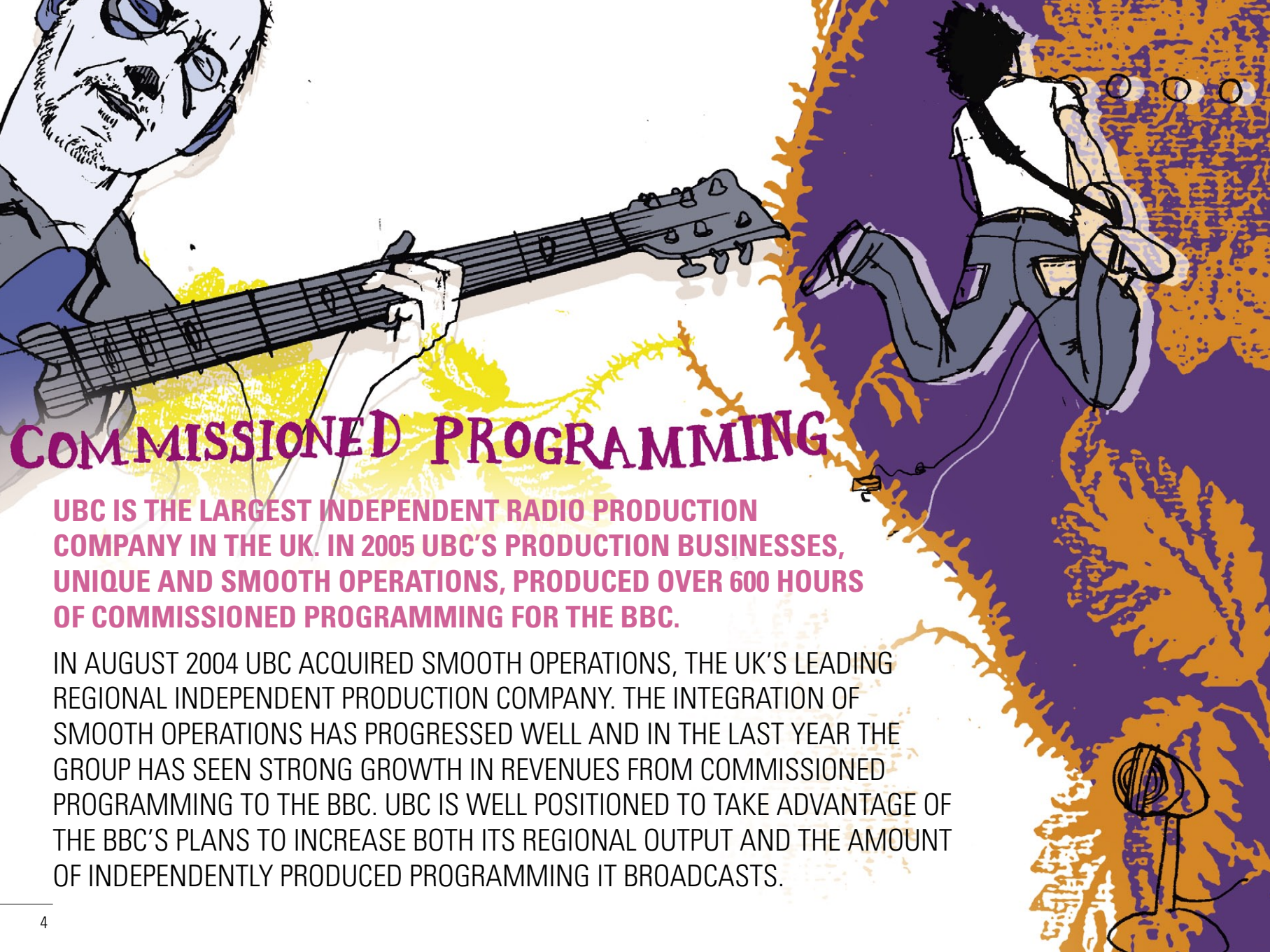
UBC has the only commercially available EPG software in the UK and has already licensed this to major UK broadcasters, including GCap Media and the recently announced BT Livetime datacasting venture. A major part of our investment in 2006 will focus on exploring ways to exploit the data capacity that is owned by UBC and, in particular, on the launch of innovative services that allow music to be downloaded over digital radio. We expect to launch such a service in the next calendar year.

UBC's aim continues to be to grow the business both organically and by acquisition. We remain committed to investing in the development of our portfolio of digital assets and to maintaining our position at the forefront of innovation and technical achievement. Since the start of the new financial year, as has been widely reported elsewhere, the radio advertising market has shown signs of softening. However, we continue to see advertising revenues higher than at this time last year. The Group continues to perform in line with expectations and we believe the prospects for the year ahead are positive.

Simon Cole
Chief Executive



Simon Cole Chief Executive



COMMISSIONED PROGRAMMING

UBC IS THE LARGEST INDEPENDENT RADIO PRODUCTION COMPANY IN THE UK. IN 2005 UBC'S PRODUCTION BUSINESSES, UNIQUE AND SMOOTH OPERATIONS, PRODUCED OVER 600 HOURS OF COMMISSIONED PROGRAMMING FOR THE BBC.

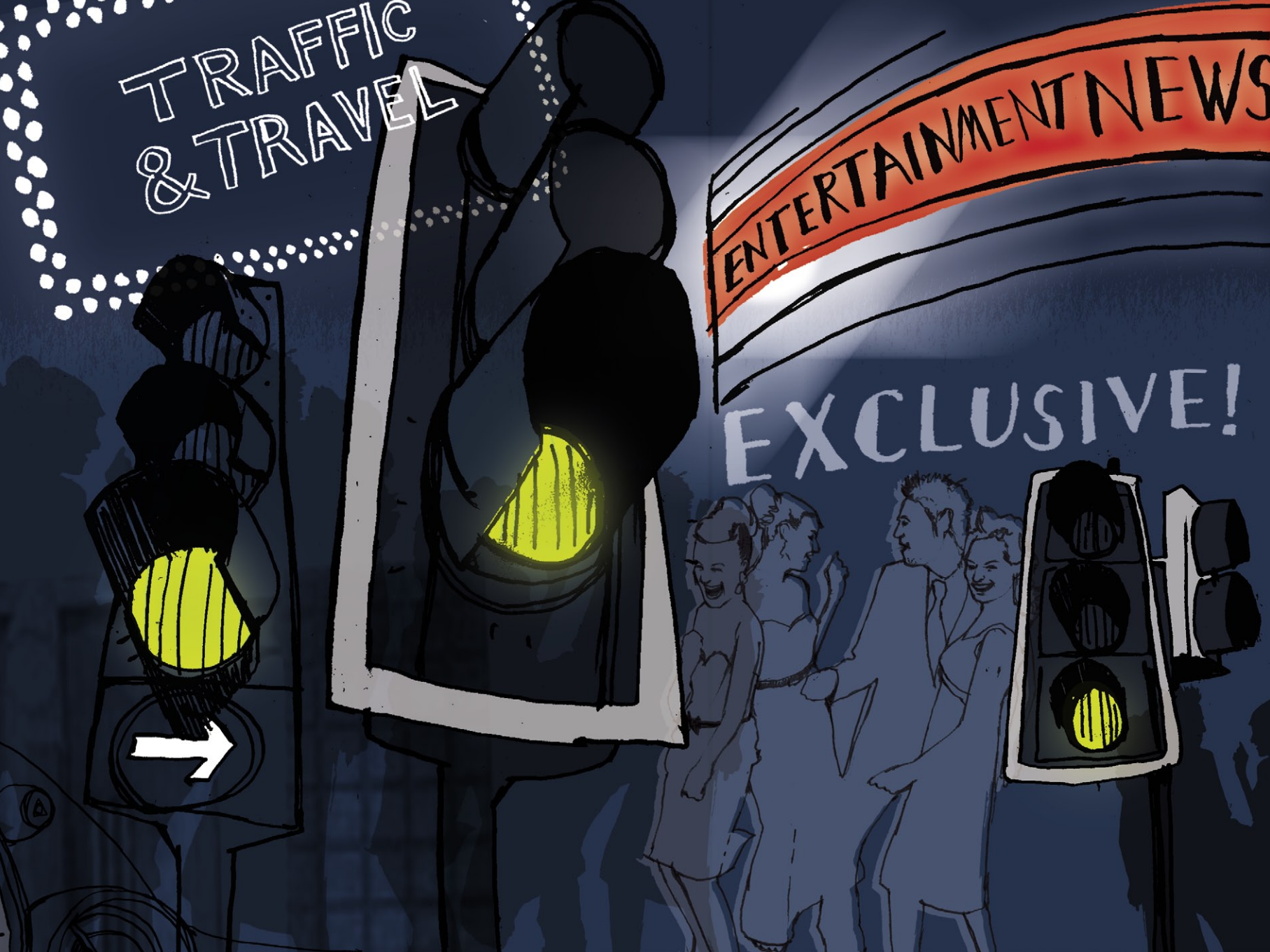
IN AUGUST 2004 UBC ACQUIRED SMOOTH OPERATIONS, THE UK'S LEADING REGIONAL INDEPENDENT PRODUCTION COMPANY. THE INTEGRATION OF SMOOTH OPERATIONS HAS PROGRESSED WELL AND IN THE LAST YEAR THE GROUP HAS SEEN STRONG GROWTH IN REVENUES FROM COMMISSIONED PROGRAMMING TO THE BBC. UBC IS WELL POSITIONED TO TAKE ADVANTAGE OF THE BBC'S PLANS TO INCREASE BOTH ITS REGIONAL OUTPUT AND THE AMOUNT OF INDEPENDENTLY PRODUCED PROGRAMMING IT BROADCASTS.

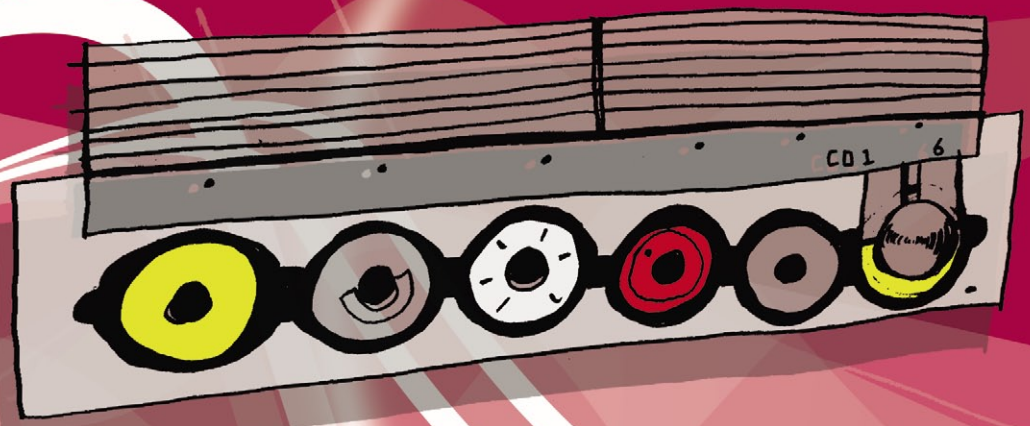

"600 hours of great radio"

SYNDICATED PROGRAMMING

UBC RANKS AS ONE OF THE LARGEST SUPPLIERS OF SYNDICATED PROGRAMMES TO COMMERCIAL RADIO – SUPPLYING BOTH THE NETWORK DRIVE AND ENTERTAINMENT NEWS SERVICES.

IN 2005 UBC'S SYNDICATED AIRTIME SALES BUSINESS DELIVERED STRONG GROWTH AS A RESULT OF COMBINING UBC'S AND EMAP'S SYNDICATED RADIO AIRTIME SALES NETWORKS AND THE LAUNCH OF A CONSOLIDATED TRAFFIC AND TRAVEL SERVICE. THE MARKET FOR UBC'S SYNDICATED RADIO PROGRAMMING CONTINUES TO BE STRONG AS THE COMMERCIAL RADIO SECTOR INCREASINGLY RECOGNISES ITS NEED TO INVEST IN HIGH–QUALITY PROGRAMMING.


TRAFFIC & TRAVEL
ENTERTAINMENT NEWS
EXCLUSIVE!



RADIO STATIONS

CLASSIC GOLD DIGITAL AND ONEWORD RADIO ARE PRIME ASSETS IN DIGITAL RADIO.

CLASSIC GOLD DIGITAL RANKS AS ONE OF THE TOP 'GOLD' FORMATS IN THE UK, AND IS BROADCAST ON BOTH ANALOGUE AND DIGITAL PLATFORMS, REACHING A POTENTIAL UK ADULT AUDIENCE OF 29 MILLION. ONEWORD RADIO OWNS THE UK'S ONLY COMMERCIAL DIGITAL SPOKEN–WORD LICENCE. WE BELIEVE THAT CHANNEL 4'S TIE-UP WITH UBC IN THE JOINT OWNERSHIP OF ONEWORD RADIO IS A KEY DEVELOPMENT IN THE GROWTH OF DIGITAL RADIO IN THE UK.


ON Air

RADIO SERVICES

THE LAUNCH OF A NEW GENERATION OF DIGITAL RADIO SERVICES WILL FUNDAMENTALLY CHANGE THE DEVELOPMENT OF DIGITAL RADIO.

UBC EXPECTS THE NEXT FEW YEARS WILL SEE THE LAUNCH OF A NEW GENERATION OF RADIO RECEIVERS CAPABLE OF DELIVERING SERVICES NEVER BEFORE AVAILABLE ON RADIO. THE LAUNCH IN 2005 OF THE FIRST EPG–ENABLED DEVICES WILL BE FOLLOWED BY THE LAUNCH OF NEW RADIO SERVICES, SUCH AS MUSIC DOWNLOADING. UBC'S OWNERSHIP OF DATA SPECTRUM AND EXPERIENCE IN RADIO SOFTWARE SERVICES PLACES THE GROUP AT THE FOREFRONT OF THIS MARKET.


"OK to download now"

FINANCIAL REVIEW

Jennifer Donald Finance Director

Financial highlights

The main financial highlights of UBC Media Group for the year to 31 March 2005 are as follows:

– Turnover increased 20% to £15.96 million (2004: £13.29 million).

– Operating Profit for the year before goodwill and digital licences totalled £1,075,000 (2004: £405,000), while operating loss after goodwill and digital licences were –£1,093,000 (2004: –£1,016,000).

– Operating Profit, excluding goodwill and investment in Oneword Radio as a subsidiary was £161,000 (2004: –£675,000). Investment during the year in Oneword Radio as a subsidiary totalled £589,000 (2004:nil.)

– Digital licences in the year totalled £1.50 million (2004: £1.08 million), which includes the Company's investment in Oneword Radio's digital licence while it was a subsidiary company.

– At 31 March 2005 UBC had cash in the bank of £3.50 million (2004: £4.32 million)

Financial performance by division

PRODUCTION

UBC's Production Division encompasses both the Group's commissioned radio programming for the BBC and syndicated programming for the commercial radio industry.

Commissioned Programming

	2005	2004	
	£m	£m	% Change
Turnover	**2.93**	2.18	+34.4

UBC's commissioned programming business for the BBC comprises the Group's historic production business, Unique, and the leading regional independent production company, Smooth Operations, which UBC acquired in August 2004.

The integration of Smooth Operations, which operates from offices in Manchester and Cambridge, has progressed well and Unique continues to recover from the expiry of one of its long-standing commissions at the start of the financial year. Turnover for the year was ahead by 34.4% at £2.93 million (2004: £2.18 million), and includes an 8 months' contribution from Smooth Operations of turnover of £1.14 million.

Unique and Smooth Operations produce a wide range of programmes for broadcast across the BBC's network of national analogue and digital stations. Unique and Smooth Operations produce more than 600 hours of programming for the BBC per year across a number of genres, with much of their output as long-term commissions for some of the BBC's flagship radio programmes. As an indication of the creative skills within the Group, this year UBC received a record number of Sony Radio Academy nominations for its programmes, including winning two prestigious Sony Radio Academy Gold Awards.

The acquisition of Smooth Operations, which specialises in the Folk and Country music genres, was an important strategic move by UBC in a sector that it knows well and where prospects for significant organic growth have historically been limited. The strategic importance of the acquisition of Smooth Operations was underlined by the BBC's announcement in December 2004 of its intention to invest significantly in production resources in Manchester. In addition, UBC believes both Unique and Smooth Operations are well positioned to benefit from the BBC's announcement during the year that it intends to double the number of hours allocated to independent radio production by its national radio networks.

Syndicated Programming

	2005 £m	2004 £m	% Change
Turnover	**7.55**	5.24	+44.1

UBC operates two networks of syndicated programmes, Entertainment News and the Network Drive traffic & travel service, both of which UBC supplies free of charge to radio stations across the UK while retaining airtime within each bulletin which is then available to UBC to sell to national advertisers.

Revenues from UBC's airtime sales business were up 44.1% in the year to £7.55 million (2004: £5.24 million). The strong performance by the airtime sales business followed a doubling of revenues from syndicated programming in the year to 31 March 2004.

The significant increase in airtime sales revenues in the year reflects in particular the substantial growth of the traffic & travel news service in the first-half of the financial year. In July 2004 Emap and UBC consolidated their competing traffic & travel services into a combined package encompassing over 174 commercial radio stations to be sold by UBC. The network was relaunched in August as one of the largest syndicated packages in the UK, delivering a weekly reach of over 15.1 million adults and over 141 million adult impacts. The consolidation of competing airtime packages was followed in September 2004 by UBC's appointment of Trafficlink as sole supplier of traffic and travel data to the Network Drive service.

We believe that in the future syndicated programming will become an increasingly important feature of the commercial radio market. The growth in digital radio will result in there being more radio stations in each market, and in response to market fragmentation advertisers will seek advertising properties that deliver national reach. One of the main challenges facing radio groups in this changed environment will be how to provide cost effective, high-quality programming, and in particular programming which can compete against the BBC's output. UBC believes that networked programming is likely to form an important part of the solution to these competitive challenges.

As a consequence, UBC is continuing to explore ways in which to grow its syndicated programming business. In September 2004 UBC acquired a 12.5% shareholding in Popworld Limited, which owns and controls Channel 4's flagship music-based programme of the same name and which is also broadcast on MTV. As part of its investment UBC became Popworld's radio partner with exclusive responsibility for exploitation of the Popworld brand through networked programming to commercial radio stations.

RADIO STATIONS

UBC's two main radio stations are Classic Gold Digital, which broadcasts a Classic Hits format on a network of analogue and digital platforms across the UK, and the national, digital spoken-word radio station, Oneword Radio.

Classic Gold Digital

	2005 £m	2004 £m	% Change
Turnover	**4.41**	4.69	–6.0

Classic Gold Digital Limited performed in line with expectations in the year to 31 March 2005, with revenues down 6% on the previous year, at £4.41 million (2004: £4.69 million).

Classic Gold Digital's revenues are directly based upon the network's audience as measured by RAJAR, in the form of an audience fee that GCap Media pays to Classic Gold Digital in return for it selling airtime on the network. The RAJAR results during the year for Classic Gold Digital have shown a modest decline in audiences. Overall, the long-term decline in audiences common to radio services broadcast on AM frequencies has been partially compensated for by growth in digital audiences. As part of its long-term strategy to maintain audiences, Classic Gold Digital has continued to invest throughout the year in high quality programming output and marketing.

The RAJAR report for the final quarter of the financial year ended 31 March 2005 shows that 30% of Classic Gold Digital's listeners are listening to the station on digital, up from 25% in the preceding quarter. In addition, the number of listeners in areas where Classic Gold Digital is only available digitally has increased by 7%. With the increasing growth of digital listening, one of the key challenges facing the radio industry in the forthcoming year will be educating advertisers to place equal value on both analogue and digital listening.

GCap Media holds an option that it may exercise from October 2005 to increase its shareholding in Classic Gold Digital from its current 20% to 75%. The price GCap Media is required to pay UBC to increase its shareholding in Classic Gold Digital is based on a formula agreed in October 2000. UBC has currently received no indication from GCap Media of any plans to increase its shareholding in Classic Gold Digital.

Oneword Radio

The past year was a transitional period for Oneword Radio. In June 2004 UBC increased its shareholding in Oneword Radio to 100% as a means of ensuring the long-term future of the station. As a consequence of taking full control of Oneword Radio, the results of UBC for the year to 31 March 2005 include a period of 9 months when Oneword Radio was treated as a wholly owned subsidiary of the Company.

As a result of a restructuring programme that took place at the same time that UBC acquired full control of Oneword Radio, the cost of operating Oneword Radio was closely controlled throughout the year. At the same time it has shown steady audience growth year-on-year, with audiences in the first quarter of 2005 up 60% on the same period in 2004.

It was UBC's intention when it acquired full control of Oneword Radio to identify a strategic partner for the station with a shared vision of the prospects for digital radio in the UK. Following the financial year-end, in April 2005 UBC reached agreement with Channel 4 Television for Channel 4 to acquire a 51% interest in Oneword Radio for a cash consideration of £1 million. It is our expectation that the cost of UBC's investment in Oneword Radio will reduce in the current year following the sale of a shareholding in the station. UBC and Channel 4 are currently working on plans jointly to develop Oneword Radio; building on what we believe is a valuable digital asset that has significant growth prospects.

RADIO SERVICES

UBC's Radio Services division comprises the Group's digital software development and facilities businesses.

	2005 £m	2004 £m	% Change
Turnover	**1.08**	1.18	–8.47

Turnover from Radio Services in the year was £1.08 million (2004: £1.18 million), representing a fall of 8.47% on the previous year. The decline in turnover experienced by Radio Services reflects a further fall in turnover from the Group's facilities and studios business as we continue to focus on higher margin business in this area. This was partly compensated for in the period by a 45% increase in turnover from software sales to the radio industry.

Unique Interactive

Unique Interactive continues to benefit from the increasing investment by both UK and overseas radio broadcasters in their digital services. Unique Interactive's development focus continues to be on the Group's two main software products: the 'ManDLS' software, which is used to manage the scrolling text (Dynamic Label Segment) of a digital radio service; and the development of software to operate electronic programme guide (EPG) services which form part of the interactive capabilities of an emerging new generation of EPG-enabled digital devices.

Unique Interactive's EPG software continues to be the only commercially available radio EPG, and it was a key element in the launch of the first EPG-enabled receivers in early 2005. UBC has for a long time believed that the launch of EPG-capable digital radios will significantly change the way that broadcasters and listeners utilise digital radio, and that in the future digital radios will incorporate features as standard which will transform the capabilities of the medium, such as rewind, record and download. These will enable additional access to a significantly enhanced range of information services, and will change the current common perception that digital radio is only about greater listener choice and better sound quality.

Unique Interactive is a market leader in software development for digital radio services as a result of its early investment in this area and it is currently developing an increasing international profile in the delivery of software solutions to the industry. Unique Interactive is currently working with a number of leading broadcasting and technology companies in the UK and overseas and we believe the next 12 months will see major developments that will reinforce UBC's prominence in this area.

Since the year-end UBC has announced its intention to invest approximately £400,000 in the first half of the current financial year on creating an innovative service which will allow music to be downloaded over digital radio. The music downloading service will utilise data capacity on a number of digital radio multiplexes that are owned by UBC. The Company has begun negotiation with partners in the music and radio industries with whom it will work on bringing this service to market. The Company's plans in this area are still at an early stage of development, but it is intended that investors will be updated on progress at the time of the Company's interim announcement in November 2005.

Unique Facilities

Unique Facilities delivered a satisfactory performance in the year to 31 March 2005 and continued for much of the year to grow yields on the back of good occupancy rates. Despite operating in a highly competitive market, UBC's facilities have operated at full capacity for extended periods during the year. In addition, Unique Facilities has sought to extend its audio creative services, with the successful launch of a number of new products, including the composition of theme and incidental music for television programmes and bespoke music jingles.

Acquisitions & disposals

UBC increased its shareholding in Oneword Radio Limited to 100% on 30 June 2004 when it acquired the 50% shareholding of USI Holdings Limited for £694,000. In consideration, UBC issued approximately 2.44 million new UBC ordinary shares.

In July 2004 UBC increased its shareholding in Digital News Network, which broadcasts a regional data service on five MXR multiplexes, from 21.95% to 28.05% at a cost of approximately £32,000.

In August 2004 UBC acquired the business of Smooth Operations, a leading UK independent regional radio producer. The acquisition consideration comprised an initial payment of £1.8 million, with a further maximum payment of £1.9 million depending upon the profit growth in each of the two years following the acquisition. A cash payment of £1.2 million and the issue of approximately 2.45 million new UBC ordinary shares satisfied the initial acquisition consideration, plus costs incurred in connection with the acquisition of £79,000. Any further consideration will be payable as to 60% in cash and 40% by the issue of new UBC

ordinary shares. The first part of the deferred consideration will become payable in the second-half of the financial year to 31 March 2006, and this element is capped at £665,000 and is payable in a mixture of cash and new UBC ordinary shares.

In September 2004 UBC announced the acquisition of a 12.5% shareholding in Popworld Limited, which owns and controls the music programme, Popworld, broadcast on Channel 4 and MTV. The consideration of £250,000 was settled in cash. UBC had an option to increase its shareholding in Popworld further to 25% at any time up to the end of December 2004 for a further consideration of £250,000. The option was not exercised.

In April 2005 UBC sold a 51% interest in Oneword Radio Limited to Channel 4 Television Corporation for a cash consideration of £1 million. Channel 4's investment in Oneword Radio represents the first partnership of a national television and commercial radio station and potentially mirrors the BBC's ownership of a cross-media brand. UBC and Channel 4 are currently working together on ways to develop Oneword Radio, including cross-promoting Oneword Radio and utilising the Channel 4 brand name.

Fund Raising and use of proceeds

In July 2004 UBC placed approximately 7.8 million new ordinary shares with institutional investors, raising an additional £1.8 million (before expenses) for the Company. The net proceeds of the placing were used to satisfy the initial cash consideration and related costs of the acquisition of Smooth Operations and a 12.5% shareholding in Popworld Limited. The balance of the proceeds will be used to fund the balance of any deferred cash consideration of the acquisition.

Investment in digital radio

During the year to 31 March 2005 UBC invested the following amounts in digital licences:

– Investment in subsidiary companies of £1.50 million (2004: £1.52 million), of which £963,000 (2004: £947,000) relates to carriage of Classic Gold Digital on digital multiplexes covering Northern England and Greater London and other areas which broaden Classic Gold Digital's coverage; £394,000 (2004: £nil.) on Oneword Radio; and £144,000 (2004: £133,000) to data licence fees for broadcasting regional data services on five MXR digital multiplexes.

– Joint Venture Investment of £60,000 (2004: £436,000) in Oneword Radio.

Cash Flow

During the year UBC had a cash inflow from operating activities after digital licences and before investment in Oneword Radio and working capital of £96,000 (2004: –£520,000).

Cash

At 31 March 2005 UBC had cash in the bank of £3.50 million (2004: £4.32 million).

International Financial Reporting Standards (IFRS)

As a result of a review of its accounting policies it is UBC Media Group's intention to comply with IFRS standards for the year ended 31 March 2008 in accordance with regulations applicable to AIM listed companies.

Payment of Dividend

The Board is not recommending the payment of a dividend.

Jennifer Donald
Finance Director

BOARD OF DIRECTORS

John Hodson (58) Non-Executive Chairman
John Hodson was appointed to the Board as Non-Executive Chairman of the Company in February 2005. Prior to December 2004 John was Chief Executive of Singer & Friedlander Group. Other non-executive directorships held by John include Domino's Pizza UK & IRL plc and Prestbury Group. John is Chairman of the Nominations Committee and a member of the Remuneration Committee.

Simon Cole (47) Chief Executive
Simon Cole founded Unique Broadcasting in 1989 in partnership with Tim Blackmore, having pioneered the market for national sponsored programmes whilst at Piccadilly Radio, where he was Head of Programmes. Simon has been awarded a fellowship of the Radio Academy. Simon is a member of the Nominations Committee.

Jennifer Donald (50) Finance Director
Jennifer Donald qualified as a chartered accountant with KPMG and has held directorships in a number of private and publicly owned companies. Prior to joining the Board in December 2000, Jennifer was Finance Director of McCarthy Corporation plc. Jennifer is a member of the Nominations Committee.

Matthew Honey (39) Managing Director, Unique Interactive
Matthew Honey is Managing Director of Unique Interactive, with responsibility for the Group's Radio Services activities. Matthew joined Unique Broadcasting in 1992 and prior to his appointment as Managing Director of Unique Interactive in December 2000 served as Finance Director of the Group. Matthew qualified as a chartered accountant with Coopers & Lybrand.

John Quinn (48) Commercial Director
John Quinn has overall responsibility for the Group's commercial airtimes sales. John joined Unique Broadcasting in 1996. He was formerly Sales Controller for Virgin Radio and Atlantic 252 and launch Sales Director of Kiss FM.

Tim Blackmore MBE (60) Non-Executive Director and Group Editorial Director
Tim Blackmore founded Unique Broadcasting in 1989 with Simon Cole, after a career in radio production with BBC Radio One and Capital Radio. In April 2004 Tim was appointed as a Non-Executive Director, having stepped down from day-to-day executive responsibilities. He continues to act as Group Editorial Director for UBC Media Group and as Chairman of Classic Gold Digital and Smooth Operations and as a director of Oneword Radio. Tim served as the first Director of the Radio Academy and was awarded an MBE for services to independent radio production. Tim has also been awarded a fellowship of the Radio Academy and is Chairman of the Sony Radio Academy Awards.

Noel Edmonds (56) 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 engaged in television and event production, video communication and talent management.

Kelvin Harrison (50) Non-Executive Director
Kelvin Harrison is a chartered engineer with significant experience of the software, electronics and communications sectors in various positions, including chief executive of public and private companies. Kelvin is also Chief Executive of Maxima Holdings plc. Kelvin is Chairman of the Remuneration Committee and a member of the Audit Committee.

Paul Pascoe (44) Non-Executive Director
Paul Pascoe is Chief Executive Officer of the Unique Group of companies, which are engaged in television and event production, video communication and talent management. Paul serves as a Non-Executive Director of UBC Media Group and is Chairman of the Audit Committee and a member of the Remuneration Committee.

Michael Peacock OBE (75) Non-Executive Director
Michael Peacock stood down as Non-Executive Chairman of UBC Media Group in February 2005 after 16 years of service, and is due to retire as a Non-Executive Director of UBC Media Group at the Company's AGM in July 2005. Michael 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 is also a Governor of the London School of Economics and in June 2005 was awarded an OBE in the Queen's Birthday Honours for services to higher education. In the year to 31 March 2005 Michael was a member of the Audit and Remuneration committees.

Professor Roger Silverstone (60) 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 is a member of the Audit and Remuneration committees.

DIRECTORS AND ADVISORS

FOR THE YEAR ENDED 31 MARCH 2005

Executive directors
Simon A Cole
Jennifer H Donald
Matthew A Honey
John P Quinn

Non-executive directors
John Hodson
Timothy J. Blackmore MBE
Noel E. Edmonds
Keith R. Harris*
Kelvin F. Harrison
Paul H.B. Pascoe
I. Michael Peacock OBE**
Roger S. Silverstone

Company Secretary
Simon J Howell

Registered office
50 Lisson Street
London NW1 5DF

Nominated Adviser & Broker
Seymour Pierce Limited
Bucklersbury House
3 Queen Victoria Street
London EC4N 8EL

Solicitors to the Company
Wragge & Co LLP
55 Colmore Row
Birmingham B3 2AS

Auditors
PricewaterhouseCoopers Ltd
1 Embankment Place
London WC2N 6RH

Principal Bankers
Coutts & Co
440 Strand
London WC2R 0QS

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Financial Public Relations
Portland
125 High Holborn
London WC1V 6QA

* K.R. Harris resigned as a director of UBC Media Group plc on 26 May 2005.

**I.M. Peacock retired as non-executive chairman of UBC Media Group plc on 18 February 2005 and is due to resign as a director of the Company at the AGM on 29 July 2005.

The directors present their report and the audited financial statements for the year ended 31 March 2005.

Principal activities

The principal business of the Group is the ownership and operation of digital and analogue commercial radio stations, radio programming and the provision of audio and data services to the radio industry.

Directors and their interests

The names of the directors serving in the year and their interests at 31 March 2005 were as follows:

	No. of ordinary shares as at 31 March 2004	**No. of ordinary shares as at 31 March 2005**	Ordinary shares under option as at 31 March 2005
J. Hodson	–	–	–
S. A. Cole (1)	26,627,884	**26,667,884**	–
J. H. Donald	19,225	**19,225**	3,225,299
M. A. Honey (4)	4,481,429	**4,481,429**	417,935
J. P. Quinn	2,850,000	**2,850,000**	3,406,530
T. J. Blackmore (2)	20,080,857	**20,080,857**	–
N. E. Edmonds (3)	13,848,714	**13,848,714**	–
K. R. Harris (5)	3,700,000	**3,700,000**	3,000,000
K.F. Harrison	2,500	**2,500**	–
P. H. B. Pascoe (6)	–	**50,000**	–
I. M. Peacock (7)	9,431,000	**9,501,000**	–
R. S. Silverstone	–	–	–

At 31 March 2005, the following directors' interests were also noted:

1. Of the ordinary shares shown as beneficially held by S.A. Cole, 5,000,000 are registered under the name of SocGen Nominees (UK) Limited.
2. Of the ordinary shares shown as beneficially held by T.J. Blackmore, 3,344,226 are registered in the name of his wife Margaret Blackmore.
3. The ordinary shares shown as beneficially held by N.E. Edmonds are registered under the name of Unique Communications Limited.
4. Of the ordinary shares shown as beneficially held by M.A. Honey, 63,000 are registered in the name of his wife, Shona Paterson, and 130,000 are registered in the name of Matthew & Shona Honey (ECH Trust) and 130,000 are registered in the name of Matthew & Shona Honey (GRH Trust).
5. K.R. Harris resigned as a director of UBC Media Group plc on 26 May 2005.
6. In addition to the shares held by P.H.B. Pascoe, as Chief Executive of Unique Communications Limited P.H.B. Pascoe is also deemed to be interested in the 13,848,714 shares held by that company.
7. Of the ordinary shares shown as beneficially held by I.M. Peacock, 3,411,000 are registered under the name of Investec Trustees (Jersey Limited) as trustees of the I. M. and D.J.I Peacock Voluntary Settlement. I.M. Peacock is due to resign as a director of UBC Media Group plc at the Company's AGM on 29 July 2005.
8. Of the ordinary shares shown as being under option to J.P. Quinn, M.A. Honey and J.H. Donald, 3,649,604 are under option to the trustees of the Company's Employee Benefit Trust (3,020,299 for J.H. Donald, 95,355 for M.A. Honey and 533,950 for J.P. Quinn) who have confirmed their intention to hold the options in trust for the above named and their families. The Employee Benefit Trust is a discretionary trust for the benefit of the Company's employees, former employees, their families and dependents.

Share options

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

	Options outstanding as at 1 April 2004	Options granted in year	Options relinquished in year	Options exercised in year	**Options outstanding as at 31 March 2005**	Exercise price (pence)	Date from which exercisable	Expiry date
J. H. Donald	205,000***	–	–	–	**205,000**	48.50	20/11/02	07/12/10
K. Harris	3,000,000**	–	–	–	**3,000,000**	3.13	22/06/00	30/09/05
M. A. Honey	322,580***	–	–	–	**322,580**	31.0	02/04/03	02/04/11
J. P. Quinn	300,000*	–	–	–	**300,000**	1.03	31/03/02	30/09/06
	2,250,000**	–	–	–	**2,250,000**	1.66	26/03/00	30/09/06
	322,580***	–	–	–	**322,580**	31.0	02/04/03	02/04/11

* Granted under the Unapproved Executive Share Scheme.
**Granted under the Unapproved Executive Share Scheme Number Two.
***Granted under the Enterprise Management Incentive Share Option Scheme.
The Company's share price as at 31 March 2005 was 29.25p and had a range of 21p to 32.25p through the year. On 20 June 2005 the Company's share price was 25p.

Substantial shareholders

At 1 June 2005 the Company has been informed of the following interests of 3% or more in its ordinary shares of 1p each in issue at that date:

	Number of shares	% of issued share capital
S. A. Cole	26,667,884	15.63
T. J. Blackmore	20,080,857	11.77
Unique Communications Limited	13,848,714	8.12
BNY (OCS) Nominees Limited	5,845,306	6.54
Vidacos Nominees Limited	9,600,000	5.63
I. M. Peacock	8,921,000	5.23
State Street Nominees Limited	6,806,665	3.99

Re-election of directors
In accordance with the Articles of Association J. Hodson, M.A. Honey, J.P. Quinn and R.S. Silverstone offer themselves for re-election at the forthcoming AGM, details of which are set out at the back of this annual report. Brief particulars of all directors can be found on page 16.

Corporate governance
As an AIM listed company, UBC Media Group plc is not required to comply with the main provisions of the principles of good governance and code of best practice prepared by the Committee on Corporate Governance (the 'Combined Code'). However, insofar as they are able for a company of its size, the Board complies with the provisions of the Combined Code. Details concerning the Group's arrangements relating to corporate governance and its compliance with the Combined Code are given on pages 19 to 20. The Directors' Report on Remuneration is given on page 22.

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

Authority to Directors to allot shares: Resolution 8
The Companies Act 1985 provides that the directors may not allot shares unless empowered to do so by the shareholders. Such a power cannot be given for longer than five years at any one time and the total nominal value of shares that can be allotted must be specified. In order to renew the Board's powers in respect of unissued shares it is, accordingly, proposed that the directors be granted general authority at any time prior to the expiry of fifteen months following the forthcoming Annual General Meeting (or prior to the next Annual General Meeting of the Company, if earlier) to allot shares up to an aggregate nominal value of £255,979 representing approximately 15% of the current issued share capital.

Disapplication of pre-emption rights: Resolution 9
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 £170,653. This power will provide the directors with the flexibility to take advantage of business opportunities as they arise. Shareholders should note that the London Stock Exchange does not require shareholders' specific approval for each issue of shares for cash on a pre-emptive basis to the extent that under section 95 of the Companies Act 1985 the provisions of section 89 are disapplied generally. If given, this authority will expire fifteen months from the date of passing of the special resolution or, if earlier, on the date of the next Annual General meeting of the Company.

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

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

Going concern
After reviewing the Group's budget for the year to 31 March 2006 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 financial statements.

Charitable donations
The Group made charitable contributions of £5,492 (2004: £738) during the year, of which £951 was donated to the Company's selected charity, Macmillan Cancer Relief. The balance was advertising commission donated to the Tsunami Relief appeal. The Group made no political donations during the year.

Auditors
The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be re appointed will be proposed at the Annual General Meeting.

Policy and practice on payment of creditors
Each Group company is responsible for agreeing the details of terms and conditions relating to transactions with its suppliers where goods and services have been supplied in accordance with the relevant terms and conditions of the contract. Trade creditors for the Company at 31 March 2005 represented 41 days of purchases (31 March 2004: 24 days of purchases).

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

This statement provides details of how UBC Media Group has applied these principles and complied insofar as they are able for a company of its size with the detailed provisions of Section1 of the Combined Code.

The Board

The Company is controlled through a Board of Directors, which at 31 March 2005 comprised four executive directors and eight non-executive directors. A non-executive director of the Company, K.R. Harris, resigned as a director on 26 May 2005 and it is the intention of the non-executive director, I.M. Peacock, to resign from the Board at the Company's AGM on 29 July 2005. Short biographies of each director are set out on page 16.

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

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

The Chairman, who was appointed to the Board on 18 February 2005, is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and setting its agenda. The Chairman also ensures that the directors receive accurate, timely and clear information and that there is effective communication with shareholders. The Chairman also facilitates the effective contribution of the other Non-Executive Directors and ensures constructive relations between executive and non-executive directors.

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

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

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

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

The Non-Executive Directors bring a wide range of experience and expertise to the Company's affairs which allows them to constructively challenge and help develop proposals and strategy, scrutinise performance and controls and take decisions objectively in the interests of the Company. N.E. Edmonds and P.H.B. Pascoe, as representatives of Unique Communications Limited, a significant shareholder in the Company, are not considered by the Board to be independent.

In addition, T.J. Blackmore and I.M. Peacock, by reasons of their significant shareholdings in the Company, are not considered by the Board to be independent; and K.R. Harris, by reason of his significant shareholding in the Company, was not considered by the Board to be independent.

All directors are subject to election by shareholders at the first opportunity after appointment and to re-election every three years. At the Annual General Meeting in 2004 I.M. Peacock, T.J. Blackmore and N.E. Edmonds were re-elected to the Board. Details of directors submitted for re-election at the forthcoming AGM are provided on page 46.

The Company indemnifies directors for claims made against them in relation to their duties, with the exception of any losses incurred as a result of their wilful negligence. Insurance cover with an annual limit of £1 million is maintained in respect of potential legal action.

The Board of Directors meets formally approximately six times a year. During the year attendance at formal meetings of the Board was as follows: T.J. Blackmore, S.A. Cole, K.R. Harris, K.F. Harrison, M.A. Honey, P.H.B. Pascoe, J.P. Quinn and R.S. Silverstone attended on six occasions; J.H. Donald attended five meetings; and I.M. Peacock attended four meetings. J. Hodson was appointed as a director of the Company on 18 February 2005 and in the period from 18 February 2005 to 31 March 2005 attended one meeting of the Board. N.E. Edmonds did not attend any formal meetings of the Board. In addition there were a number of informal meetings of the Board.

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

Financial Reporting and Going Concern

The Board places considerable emphasis on ensuring that all communications with shareholders present a balanced and transparent assessment of the Group's position and prospects. The Board or a sub-committee of the Board reviews and approves results announcements, interim reports, annual reports, the Chairman's AGM statement and trading updates prior to their release. The directors' statement of responsibilities in respect of the preparation of financial statements is set out on page 21 and the Auditors' statement on the respective responsibilities of directors and auditors is included within their report on page 23.

Internal Controls & Risk Management

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investments and the Company's assets. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board regularly reviews this process and the effectiveness of the Group's system of internal controls. The review covers all material controls, including financial, operational and compliance controls and risk management systems.

Committees of the Board

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

Audit Committee

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

Company's internal financial controls; 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 financial controls. The Finance Director and other senior management also attend committee meetings by invitation. The Committee has direct access to the Company's auditors and meets with the auditors at least once a year without executive management being present. The Audit Committee met formally twice during the year.

During the year to 31 March 2005 K.R. Harris was chairman of the Audit Committee and P.H.B. Pascoe, I.M. Peacock, K.F. Harrison and R.S. Silverstone were members of the Committee. Since the year-end I.M. Peacock and K.R. Harris resigned as members of the Audit Committee and P.B.H. Pascoe was appointed as chairman of the Audit Committee.

Remuneration Committee

The Remuneration Committee consists of K.F. Harrison, as chairman, J. Hodson, P.H.B. Pascoe and R.S. Silverstone. Further details of the Committee's remit are contained in the Remuneration Committee report on page 22. The Remuneration Committee met formally four times during the year.

During the year to 31 March 2005 P.H.B. Pascoe was chairman of the Remuneration Committee and I.M. Peacock, K.R. Harris, K.F. Harrison and R.S. Silverstone were members of the Committee. Since the year-end I.M. Peacock and K.R. Harris resigned as members of the Remuneration Committee, J. Hodson was appointed as a member and K.F. Harrison was appointed as chairman of the Remuneration Committee.

Nominations Committee

The Nominations Committee is responsible for succession planning and ensuring that all appointments to the Board are objective. The Committee oversees the selection and appointment of directors, making its recommendations to the full Board. The Committee meets as and when required. The Nominations Committee met twice during the year. The Committee consists of J. Hodson, as chairman, S.A. Cole and J.H. Donald.

During the year to 31 March 2005 I.M. Peacock was chairman of the Nominations Committee and K.R. Harris was a member of the Committee. Since the year-end I.M. Peacock and K.R. Harris resigned as members of the Committee and J. Hodson was appointed as a member and as chairman of the Nominations Committee.

Relations with Shareholders

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

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

Constructive use of the AGM

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

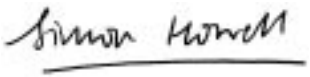
Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume the Group will continue in business.

The directors confirm that, in preparing the financial statements, suitable accounting policies have been used and applied. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2005 and that applicable accounting standards have been followed.

The maintenance and integrity of the Company's websites is the responsibility of the directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

By order of the Board



Simon Howell
Company Secretary

50 Lisson Street
London NW1 5DF

20 June 2005

As an AIM listed company, the directors' Remuneration Report regulations do not formally apply in 2005. However, we voluntarily disclose the following information.

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

Remuneration policy for executive directors

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

– attract and retain high quality executives by paying competitive remuneration packages relevant to each director's role, experience and the external market; and

– incentivise directors to maximise shareholder value through share options and the payment of an annual bonus.

Executive directors participate in an annual bonus plan under which in the year to 31 March 2005 their maximum bonus potential was 25% of salary. The primary measure used to assess performance under the bonus plan in the year to 31 March 2005 for all executive directors was Group and divisional profitability compared to market expectation. In the year to 31 March 2006 it is proposed that, in order to increase the incentives for over performance at divisional and Group level, the maximum potential annual bonus for all executive directors is changed to 50% and which will be measured wholly against Group and divisional profitability against market expectation.

The remuneration of each of the directors for the year ended 31 March 2005 was as follows:

	Salary & fees £'000	Bonus £'000	Taxable benefits £'000	Pension contribution £'000	**2005 Total £'000**	2004 Total £'000
Executive						
S.A. Cole	144	18	1	4	**167**	162
J.H. Donald	73	11	1	3	**88**	116
M.A. Honey	97	10	1	3	**111**	113
J.P. Quinn	115	28	1	3	**147**	130
Non-executive						
J. Hodson (chairman) (appointed 18 February 2005)	4	–	–	–	**4**	–
T.J. Blackmore (1) (served as an executive director prior to 5 April 2004)	50	–	–	–	**50**	89
N.E. Edmonds (2)	–	–	–	–	**–**	–
K.R. Harris (resigned as a non–executive director on 26 May 2005)	19	–	–	–	**19**	19
K.F. Harrison (appointed 26 June 2003)	18	–	–	–	**18**	13
P.H.B Pascoe	19	–	–	–	**19**	19
I.M. Peacock (resigned as chairman 18 February 2005)	33	–	–	–	**33**	33
R.S. Silverstone	18	–	–	–	**18**	18
	590	67	4	13	**674**	712

(1) In the year to 31 March 2005 T.J. Blackmore received salary and fees of £2,000 in his role as a director of the Company. In the period from 5 April 2004 to 31 March 2005 T.J. Blackmore received fees totalling £48,000 for his services as Editorial Director and consultant to the Group

(2) No benefits are provided for under the terms of N.E. Edmonds' engagement

Directors' service contracts

On 6 June 2005 the executive directors, S.A. Cole, J.H. Donald, M.A. Honey and J.P. Quinn, each entered into 12 month fixed term rolling service agreements with the Company. On 18 February 2005 J. Hodson was appointed as a non-executive director of the Company for a 15 month period expiring on 5 June 2006. On 6 June 2005 the non-executive directors, T.J. Blackmore, N.E. Edmonds, K.F. Harrison, P.H.B. Pascoe and R.S. Silverstone were appointed as non-executive directors of the Company for a one–year period expiring on 5 June 2006. The appointment of the non-executive directors, T.J. Blackmore, N.E. Edmonds, K.F. Harrison, P.H.B. Pascoe and R.S. Silverstone may be terminated at any time by the Company on three months' notice.

Independent auditors' report to the members of UBC Media Group plc

We have audited the financial statements, which comprise the consolidated profit and loss account, the consolidated and company 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 relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Companies Act 1985. 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 Chief Executive's Statement, the Financial Review, the Report of the Directors, the Corporate Governance Statement and the Remuneration Report.

Basis of audit 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 the state of affairs of the Company and the Group at 31 March 2005 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 LLP
Chartered Accountants and Registered Auditors
London

20 June 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2005

	notes	Year ended 31 March 2005			Year ended 31 March 2004		
		Before Goodwill and Digital Licences £'000	**Goodwill and Digital Licences £'000**	**Total £'000**	Before Goodwill and Digital Licences *restated £'000	Goodwill and Digital Licences *restated £'000	Total £'000
Turnover (including share of joint ventures)	1,3						
Continuing operations		**14,782**		**14,782**	13,332		13,332
Acquisitions		**1,188**		**1,188**	–		–
		15,970		**15,970**	13,332		13,332
Less: Share of turnover of joint ventures		**(10)**		**(10)**	(42)		(42)
Group turnover		**15,960**		**15,960**	13,290		13,290
Cost of sales	4	**(11,475)**		**(11,475)**	(9,738)		(9,738)
Gross profit	4	**4,485**		**4,485**	3,552		3,552
Administrative expenses	4	**(3,410)**	**(2,168)**	**(5,578)**	(3,147)	(1,421)	(4,568)
Group operating profit/(loss)	5	**1,075**	**(2,168)**	**(1,093)**	405	(1,421)	(1,016)
Continuing operations		**807**	**(1,369)**	**(562)**	405	(1,421)	(1,016)
Acquisitions	24	**268**	**(799)**	**(531)**	–	–	–
Share of operating (loss) in joint ventures	6	**(68)**	**(97)**	**(165)**	(178)	(436)	(614)
Total operating profit/(loss):							
Group and share of joint ventures		**1,007**	**(2,265)**	**(1,258)**	227	(1,857)	(1,630)
Interest receivable		**106**	**–**	**106**	123	–	123
Interest payable	7	**(3)**	**–**	**(3)**	(3)	–	(3)
Profit/(loss) on ordinary activities before taxation		**1,110**	**(2,265)**	**(1,155)**	347	(1,857)	(1,510)
Tax credit/(charge)	10	**4**	**–**	**4**	(22)	–	(22)
Profit/(loss) on ordinary activities after taxation		**1,114**	**(2,265)**	**(1,151)**	325	(1,857)	(1,532)
Equity minority interest		**(102)**	**233**	**131**	(198)	256	58
Retained profit/(loss) for the financial year	21	**1,012**	**(2,032)**	**(1,020)**	127	(1,601)	(1,474)
Profit/(loss) per share							
Basic–pence	11	–	–	(0.61)	–	–	(0.95)
Diluted–pence	11	–	–	(0.61)	–	–	(0.95)

*See Note 1.

All activities relate to continuing operations. The group has no recognised gains and losses other than those included in the profit/(loss) above,and therefore no separate statement of total recognised gains and losses has been presented.

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2005

Group	notes	As at 31 March 2005 £'000	As at 31 March 2004 £'000
Fixed assets			
Goodwill and intangible assets	12	**4,059**	332
Tangible assets	13	**183**	210
		4,242	542
Investments	14	**266**	–
Current assets			
Work in progress	15	**36**	34
Debtors			
– due after more than one year	16	**458**	2,300
– due within one year	16	**3,282**	1,854
		3,740	4,154
Cash at bank and in hand		**3,498**	4,324
		7,274	8,512
Creditors: amounts falling due within one year	17	**(4,136)**	(2,917)
Net current assets		**3,138**	5,595
Total assets less current liabilities		**7,646**	6,137
Creditors: amounts falling due after more than one year	18	**(1,078)**	(337)
Provisions for liabilities and charges	14,19	**(511)**	(2,334)
Net assets		**6,057**	3,466
Capital and reserves			
Called up share capital	20	**1,707**	1,579
Shares to be issued	21	**760**	–
Share premium account	21	**15,034**	12,850
Other reserves	21	**(801)**	(801)
Merger reserve	21	**670**	–
Profit and loss account	21	**(10,938)**	(9,918)
Equity shareholders' funds	25	**6,432**	3,710
Equity minority interest		**(375)**	(244)
Capital employed		**6,057**	3,466

COMPANY BALANCE SHEET

AS AT 31 MARCH 2005

	notes	As at 31 March 2005 £'000	As at 31 March 2004 £'000
Investments	14	**2,102**	1,142
Current assets			
Debtors			
– due after more than one year	16	**1,691**	1,197
– due within one year	16	**9,220**	4,857
		10,911	6,054
Cash at bank and in hand		**1,931**	4,055
		12,842	10,109
Creditors: amounts falling due within one year	17	**(8)**	(27)
Net current assets		**12,834**	10,082
Total assets less current liabilities		**14,936**	11,224
Net assets		**14,936**	11,224
Capital and reserves			
Called up share capital	20	**1,707**	1,579
Shares to be issued	21	**760**	–
Share premium account	21	**15,034**	12,850
Merger reserve	21	**670**	–
Profit and loss account	21	**(3,235)**	(3,205)
Equity shareholders' funds		**14,936**	11,224

These financial statements, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and related notes were approved by the board of directors on 20 June 2005 and were signed on its behalf by:

J H Donald
Director

S A Cole
Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2005

	notes	**Year ended 31 March 2005 £'000**	Year ended 31 March 2004 £'000
Net cash (outflow)/inflow from operating activities	22	**(862)**	91
Returns on investments and servicing of finance			
Interest received		**121**	107
Interest paid		**(3)**	(3)
Net cash inflow from returns on investment and servicing of finance		**118**	104
Taxation			
UK Corporation tax paid		**(23)**	(39)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(77)**	(158)
Purchase of intangible fixed assets		**–**	(28)
Sale of tangible fixed assets		**–**	6
Purchase of fixed asset investment		**(266)**	–
Loans to joint ventures		**(90)**	(695)
Net cash (outflow) from capital expenditure and financial investment		**(433)**	(875)
Acquisitions and disposals			
Purchase of interest in joint ventures		**(32)**	–
Purchase of subsidiary undertakings		**(1,279)**	–
Net overdrafts acquired with subsidiary undertakings		**(1)**	–
Net cash (outflow) from acquisitions and disposals		**(1,312)**	–
Net cash (outflow) before financing		**(2,512)**	(719)
Management of liquid resources			
Increase/(decrease) in short–term deposits with banks		**1,000**	(1,000)
Financing			
Issue of ordinary share capital		**1,800**	1,760
Expense of share issue		**(114)**	(21)
Capital element of finance lease		**–**	(47)
Net cash inflow from financing		**2,686**	692
Increase/(decrease) in cash in the year	23	**174**	(27)
Cash balances at the beginning of the year		**3,324**	3,351
Cash balances at the end of the year		**3,498**	3,324
Represented by			
Cash and bank balances		**3,498**	3,324
Short term deposits		**–**	1,000
		3,498	4,324

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 consistently applied, 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 for 2004 and 2005. Intra-group sales and profits are eliminated on consolidation.

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

The company loss after taxation for the year amounted to £30,000 (2004: £36,000).

Joint ventures are accounted for by the gross equity method from the date of their formation to the date of their sale. A fair value is attributed to the group's share of separable assets and liabilities acquired on the formation of the joint venture and any excess of consideration over this fair value is disclosed in the balance sheet.

Comparative information
In the prior year, the Group separately analysed Goodwill and Development Items. This comprised goodwill amortisation, digital licence costs and the total share of operating loss in joint ventures. In the current year, the Group has separately analysed Goodwill and Digital Licences, which comprises goodwill amortisation and digital licences only. Accordingly, £178,000 of the Share of operating loss in joint ventures in the year ended 31 March 2004 previously categorised as Development Items has been restated to the results before goodwill and digital licences.

Turnover
Turnover excludes intra-group sales, Value Added Tax and trade discounts and comprises:

– sale of programmes and content. The value of goods and services supplied is recognised in accordance with contract terms, which is generally on delivery. Production costs are recognised on the same date as the relevant turnover.

– sale of advertising time. The amount invoiced to customers is recognised on the date the relevant advertisement is aired.

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 residual value is estimated taking into account obsolescence, technological development and expected proceeds on disposal. The principal annual rates used for this purpose are:

	%
Technical equipment	50
Motor vehicles	25
Computer equipment	33⅓
Office equipment	20

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

The short leasehold building was fully amortised over the period of the original lease.

The group selects its depreciation rates carefully and reviews them regularly to take into account any changes in circumstances. When setting useful economic lives, the principal factors the group takes into account are the expected rate of technological developments, expected market requirements for the equipment and the intensity at which the assets are expected to be used. The carrying value of the tangible fixed assets is assessed annually and any impairment in value is charged to the profit and loss.

Intangible assets
Intangible assets are included at cost less provision for impairment, if applicable. The provision for impairment is assessed by reference to an estimate of the present value of future cashflows projected to arise from the relevant intangible assets.

Amortisation is calculated to write off the cost of intangible assets on a straight-line basis over its expected useful economic life. The useful economic life is estimated by reference to the period over which each asset is estimated to be capable of earning revenue. The carrying value of intangible assets is assessed annually and any impairment in value is charged to the profit and loss account. The expected useful economic life is the term of the licence in question.

Goodwill
Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired. Goodwill arising on consolidation has been capitalised and is being written off over its expected useful economic life. The expected useful economic life varies between 7-10 years. The amortisation expense in respect of goodwill relating to joint ventures is included as part of the Group's share of operating loss of the joint venture. The carrying value of the goodwill is assessed annually and any impairment in value is charged to the profit and loss account.

Purchased goodwill in relation to the Classic Gold analogue service is included at cost and is amortised over the life of the underlying analogue radio licences, ranging from 5 months to 33 months. Purchased goodwill in relation to the Classic Gold digital service has been fully impaired in line with expected future cash flows from digital radio in the short term. The carrying value of the goodwill is assessed annually and any impairment in value is charged to the profit and loss account.

The decision to amortise goodwill arising from the acquisition of Smooth Operations (Productions) Limited over 7 years reflects UBC Media Group's view of the strength of Smooth Operations (Productions) Limited's position in the specialist music areas of Country & Western music and Folk music; the likelihood that Country & Western and Folk music will continue to form a part of the BBC's specialist music output; and UBC Media Group's confidence that the BBC will increase the percentage of its output which it commissions from the independent production sector.

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

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

Pension scheme
The Group operates a money purchase pension scheme. The contributions are accounted for as they fall due.

Finance and operating leases
Costs in respect of operating leases are charged on a straight-line basis over the lease term. Where tangible fixed assets are financed by leasing agreements, which transfer to the group 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.

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

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

Costs incurred on issue of shares
The share premium account has been debited with £114,000 (2004: £21,000) being the costs associated with the raising of new equity funds. These include fees from professional advisors.

Financial instruments
The group does not use or trade in derivative financial instruments.

Capital instruments that contain an obligation to transfer economic benefit, such as debt issues, are classified as liabilities and are recorded at their net proceeds. The finance costs in respect of such liabilities recognised in the profit and loss account are allocated to periods over the term of the instrument at a constant rate on the carrying amount. Financial assets are recorded at cost and the return on such assets is accrued in the period to which it relates.

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 principles as a result of the group reconstruction. 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 £6,038,000 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 other reserve of £801,350 arises on consolidation due to the difference between the nominal value of the shares issued by the Company of £1,006,350 and the nominal value of The Unique Broadcasting Company Limited's shares and share premium acquired of £205,000. The Unique Broadcasting Company Limited's financial year began on 1 April 2000.

3. TURNOVER

	2005 £'000	2004 £'000
Geographical analysis by destination		
United Kingdom	**15,876**	13,141
Europe	**36**	48
Rest of the World	**48**	101
	15,960	13,290
Joint ventures		
United Kingdom	**10**	42
	15,970	13,332

The Directors consider that the Group's business consists of one business segment. All the activities are carried out in the United Kingdom from continuing operations.

4. COST OF SALES AND ADMINISTRATIVE EXPENSES

The cost of sales for the year is £11,475,000 (2004: £9,738,000). Administrative expenses before goodwill and digital licences are £3,410,000 (2004: £3,147,000) and after goodwill and digital licences are £5,578,000 (2004: £4,568,000).

5. OPERATING LOSS

	2005 £'000	2004 £'000
Operating loss is stated after charging/(crediting):		
Staff costs (Note 8)	**3,297**	3,063
Amortisation of intangible assets	**20**	25
Amortisation of goodwill	**647**	316
(Profit) on disposal of fixed assets	**–**	(4)
Depreciation of tangible fixed assets		
– held under finance leases	**–**	4
– owned assets	**129**	151
Auditors' remuneration – audit fees parent company	**6**	6
Auditors' remuneration – audit fees subsidiaries	**82**	56
Auditors' remuneration – non audit fees	**72**	31
National Insurance expense on future exercise of share options	**(6)**	10
Operating lease charges		
– plant and machinery	**2**	3
– other	**1,392**	1,019

6. GOODWILL AND DIGITAL LICENCES

Goodwill and digital licences comprise the following:

Continuing operations

– Digital Licences of £1,107,000 (2004: £1,080,000) for CGDL and MXR.

– Amortisation of £185,000 (2004: £310,000) of goodwill relating to analogue licences in Classic Gold Digital Limited ("CGDL") over the remaining economic life of the eighteen licences.

– Amortisation of £20,000 (2004: £25,000) relating to other intangible assets acquired by CGDL and UBC.

– Amortisation of £57,000 (2004: £6,000) of goodwill arising on consolidation.

Acquisitions

– Digital Licences of £394,000 (2004: £nil) for Oneword Radio Limited.

– Amortisation of £355,000 of goodwill relating to the purchase of Smooth Operations (Productions) Limited.

– Amortisation of £50,000 of goodwill on consolidation resulting from the group obtaining control over Oneword Radio Limited.

Share of operating loss in joint ventures

– Oneword Radio Limited: The Group's share of digital licences in Oneword Radio Limited while it was a joint venture interest amounted to £60,000 (2004: £436,000).

– Amortisation of goodwill on consolidation of joint ventures amounted to £37,000 (2004: £nil).

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £'000	2004 £'000
Interest on finance leases	**–**	2
Interest on bank overdraft	**3**	1
	3	3

8. EMPLOYEE INFORMATION

The average weekly number of persons employed by the group during the year, including executive directors, was 86 (2004: 73).

Staff numbers	**2005**	2004
Management and administration	**16**	15
Production, editorial and sales	**70**	58
	86	73

	£'000	£'000
Wages and salaries	**2,920**	2,680
Social security costs	**327**	319
Pension costs	**50**	64
	3,297	3,063

9. DIRECTORS' EMOLUMENTS

	2005 £'000	2004 £'000
Aggregate emoluments (excluding pensions)	**661**	697
Gains made on exercise of share options	–	1,271
Company contributions to money purchase pension scheme	**13**	15

Retirement benefits are accruing to 5 directors (year ended 2004: 6) under a money purchase pension scheme

Emoluments payable to the highest paid director are as follows:

Aggregate emoluments	**163**	158
Company contributions to money purchase pension scheme	**4**	4

No share options were exercised by the highest paid director during the year

10. TAXATION

	2005 £'000	2004 £'000
United Kingdom Corporation tax at 30% (2004: 30%)		
Current – group companies	–	22
– share of joint ventures	–	–
Prior years – group companies	**(4)**	–
– share of joint ventures	–	–
Tax (credit)/charge	**(4)**	22

The tax for the year is different from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £'000	2004 £'000
Loss on ordinary activities before tax	**(1,155)**	(1,510)
Tax on above (loss) at standard UK Corporation tax rate of 30% (2004:30%)	**(347)**	(453)
Effects of:		
Adjustments to tax in respect of prior years	**(4)**	–
Deferred tax asset not provided in respect of losses and capital allowances	**224**	370
Expenses not deducted for tax purposes	**121**	101
Difference in tax rate	**2**	4
	(4)	22

11. (LOSS) PER SHARE

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

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares. In 2005 and 2004, the options or warrants outstanding were anti-dilutive. Reconciliation of the loss and weighted average number of shares used in the calculation are set out below.

	2005			2004		
	Earnings £'000	**Weighted average number of shares million**	**Per share amount pence**	Earnings £'000	Weighted average number of shares million	Per share amount pence
Basic EPS						
Loss attributable to shareholders	**(1,020)**	**167**	**(0.61)**	(1,474)	155	(0.95)

12. GOODWILL AND INTANGIBLE ASSETS

Group	**Purchased intangible assets £'000**	**Purchased goodwill £'000**	**Goodwill arising on consolidation £'000**	**Total £'000**
Cost				
At 1 April 2004	**995**	**4,486**	**150**	**5,631**
Additions (note 24)	–	3,720	674	4,394
At 31 March 2005	**995**	**8,206**	**824**	**10,025**
Amortisation				
At 1 April 2004	**904**	**4,301**	**94**	**5,299**
Charge for year	20	540	107	667
At 31 March 2005	**924**	**4,841**	**201**	**5,966**
Net book value				
At 31 March 2005	**71**	**3,365**	**623**	**4,059**
At 31 March 2004	91	185	56	332

13. TANGIBLE ASSETS

Group	Short leasehold refurbishment £'000	Short leasehold building £'000	Computer equipment £'000	Office equipment £'000	Technical equipment £'000	Motor vehicles £'000	Total £'000
Cost							
At 1 April 2004	63	25	896	643	130	32	1,789
Additions	–	–	45	17	15	–	77
Acquisitions	–	–	22	–	3	–	25
At 31 March 2005	**63**	**25**	**963**	**660**	**148**	**32**	**1,891**
Depreciation							
At 1 April 2004	59	25	773	576	122	24	1,579
Charge for year	4	–	79	29	9	8	129
At 31 March 2005	**63**	**25**	**852**	**605**	**131**	**32**	**1,708**
Net book value							
At 31 March 2005	**–**	**–**	**111**	**55**	**17**	**–**	**183**
At 31 March 2004	4	–	123	67	8	8	210

14. FIXED ASSET INVESTMENTS

Group and Company fixed asset investments

Group	2005 £'000	2004 £'000
At 1 April	**–**	–
Additions in year	**266**	–
At 31 March	**266**	–

Company	£'000	£'000
At 1 April	**1,142**	1,142
Additions in year	**960**	–
At 31 March	**2,102**	1,142

UBC Media Group plc has made an investment in Popworld Limited of £266,000 and increased its shareholding in Oneword Radio Limited to 100% by an additional investment of £694,000. Although UBC Media Group has 25% voting rights of Popworld Limited, equity accounting has not been used, since the board does not believe it exerts significant influence.

14. FIXED ASSET INVESTMENTS CONTINUED

Group

Interests in joint ventures	**2005 £'000**	2004 £'000
At 1 April		
– Net liabilities	**(2,334)**	(1,720)
– Goodwill	**–**	–
Additions		
– Net liabilities	**(5)**	–
– Goodwill	**37**	–
Disposals		
– Net liabilities	**1,956**	–
– Goodwill (transferred on consolidation)	**–**	–
Share of losses retained	**(128)**	(614)
Amortisation charge for the year		
– Amortisation	**(37)**	–
– Impairment	**–**	–
At 31 March		
– Net liabilities	**(511)**	(2,334)

On 30 June 2004 the group increased its shareholding in Oneword Radio Limited to 100% for consideration of £694,000. From this date Oneword Radio Limited has been accounted for as a subsidary. See note 24.

14. FIXED ASSET INVESTMENTS CONTINUED

The gross liabilities of the joint ventures exceed 25% of the gross liabilities of the Group. Under the terms of FRS 9 the following additional disclosure is required:

Group's share of	**2005 £'000**	2004 £'000
Turnover	**10**	42
(Loss) before taxation	**(128)**	(614)
Taxation	**–**	–
(Loss) after taxation	**(128)**	(614)
Fixed assets	**–**	2
Current assets	**50**	94
Liabilities due within one year	**(103)**	(91)
Liabilities due after more than one year	**(458)**	(2,339)
Net liabilities	**(511)**	(2,334)
Group's share of operating results	**(128)**	(614)

A list of the principal subsidiaries, joint ventures and associates is contained in note 34.

15. WORK IN PROGRESS

	Group		**Company**	
	2005 £'000	2004 £'000	**2005 £'000**	2004 £'000
Work in progress	**36**	34	**–**	–

16. DEBTORS

Due after more than one year

Group

Debtors due after more than one year for the Group of £458,000 (2004: £2,300,000) consist of a loan to The Digizone Limited of £458,000 (2004: £458,000) and of a loan of £nil to the joint venture Oneword Radio Limited (2004: £1,842,000)

The loan is interest free and repayable at the discretion of the Board of The Digizone Limited.

Company

Debtors due after more than one year for the Company consist of two unconvertible loan notes owed by a group undertaking. The first, for £2,042,000 (2004: £2,042,000) is repayable on 30 October 2010. The loan has been stated at a fair value of £550,000 (2004: £550,000), following a write-down in the year ended 31 March 2002. 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. The second loan note for £1,349,000 (2004: £1,349,000) is to be repaid or redeemed at par on 1 October 2011. The loan has been stated at a fair value of £647,000 (2004: £647,000) following a write-down in the year ended 31 March 2002. The loan may be repayable earlier. The loan is interest free, unless the note is not repaid on or before 1 October 2011.

Debtors due after more than one year includes £494,000 payable from Smooth Operations (Productions) Limited representing the issue of new ordinary shares of UBC Media Group plc which become payable as part of the deferred consideration. See note 24.

Debtors due after more than one year for the Company also include a loan to The Digizone Limited of £458,000 (2004: £458,000). This loan is interest free and repayable at the discretion of the Board of The Digizone Limited. This loan has been written down in line with expected future cash flows from digital radio in the short term, which is consistent with other digital investments made by the Group.

Due within one year	**Group**		**Company**	
	2005 £'000	2004 £'000	**2005 £'000**	2004 £'000
Trade debtors	**2,476**	1,527	**–**	–
Amounts owed by group undertakings	**–**	–	**9,220**	4,840
Amounts owed by joint ventures	**30**	–	**–**	–
Other debtors	**32**	43	**–**	2
Corporation tax	**8**	–	**–**	–
Prepayments and accrued income	**736**	284	**–**	15
	3,282	1,854	**9,220**	4,857

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

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group's share of	Group 2005 £'000	Group 2004 £'000	Company 2005 £'000	Company 2004 £'000
Trade creditors	**1,703**	1,220	**–**	–
Corporation tax	**1**	19	**–**	–
Other taxes and social security	**356**	374	**–**	–
Other creditors	**30**	352	**–**	–
Accruals and deferred income	**2,046**	952	**8**	27
	4,136	2,917	**8**	27

Included in accruals and deferred income of £2,046,000 is £399,000 of deferred consideration pertaining to the acquisition of Smooth Operations (Productions) Limited wherein a total deferred consideration of £1.9 million is payable over 2 years in cash and shares. £399,000 represents the cash consideration payable within the next 12 months. See note 24.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2005 £'000	Group 2004 £'000	Company 2005 £'000	Company 2004 £'000
Loan notes	**337**	337	**–**	–
Deferred consideration	**741**	–	**–**	–
	1,078	337	**–**	–

Included in creditors amounts falling due after more than one year of £1,078,000 is £741,000 of deferred consideration pertaining to the acquisition of Smooth Operations (Productions) Limited wherein a total deferred consideration of £1.9 million is payable over 2 years in cash and shares. £741,000 represents the cash consideration payable in more than 12 months. See note 24. Full details on the loan notes are provided in note 31. The maturity profile of the Group's financial liabilities at 31 March 2005 is detailed in note 31.

19. PROVISIONS FOR LIABILITIES AND CHARGES

Investments in joint ventures
Provisions include share of net liabilities in joint ventures. These are detailed in note 14.

Deferred taxation
A deferred tax asset for losses available for carry forward against future UK taxable profits of £2,369,000 (2004: £1,898,000) and on capital allowances of £113,000 (2004: £92,000) has not been recognised in respect of the trading losses in the Group on the basis that deferred tax assets are only recognised to the extent that the transfer of economic benefits in future is more likely than not.

Similarly, for the Company, a deferred tax asset for losses available for carry forward against future UK taxable profits of £142,000 (2004: £137,000) has not been recognised in respect of trading losses on the basis that deferred tax assets are only recognised to the extent that the transfer of economic benefits in future is more likely than not.

20. CALLED UP SHARE CAPITAL

Group and Company	2005 £'000	2004 £'000
Authorised:		
200,000,000 ordinary shares of 1p each	**2,000**	2,000
Allotted, called up and fully paid:		
170,652,584 ordinary shares of 1p each (2004: 157,937,228)	**1,707**	1,579

Issued share capital

During the year ended 31 March 2005, 12,715,356 new shares were issued.

As a result of the placing and open offer on 10 August 2004, 7,826,087 shares were issued for a consideration of £1.8 million.

On 10 August 2004 the Group acquired the business of Smooth Operations. The acquisition consideration was satisfied in part by the issue of 2,453,987 new ordinary shares of UBC Media Group plc of 1p each at a consideration price of 24.45p per share.

On 30 June 2004 the Group increased its shareholding in Oneword Radio Limited to 100%. The consideration was satisfied by the issue of 2,435,282 new ordinary shares of UBC Media Group plc of 1p each at a consideration price of 28.5p per share.

No employees exercised their share options.

Potential issue of ordinary shares

Certain members of staff and the Employee Benefit Trust hold options to subscribe for shares in the Company at prices ranging from 1p to 48.5p per share under the unapproved share option scheme approved on 6 June 2000 and the Enterprise Management Incentive Scheme approved on 20 October 2000 and the Employee Benefit Trust approved on 12 December 2000. No options were exercised in the year. 150,000 shares lapsed in the year. The number of shares subject to options, the years in which they were granted and the periods in which they may be exercised are given below:

Year of the grant (year ended)	Exercise price (pence)	Exercise period	31 March 2005 number	31 March 2004 number
31 March 1998	1.03 – 1.33	1997–2005	300,000	300,000
31 March 1999	1.06 – 2.46	1998–2006	2,346,875	2,346,875
31 March 2000	3.13 – 6.40	2001–2007	2,944,755	2,944,755
31 March 2001	6.40 – 48.50	2002–2010	6,000,000	6,000,000
31 March 2002	15.50 – 31.00	2003–2011	1,520,160	1,670,160
31 March 2003	24.50 – 27.50	2004–2012	1,299,604	1,299,604
31 March 2004	33.00 – 36.00	2005–2013	400,000	400,000
			14,811,394	14,961,394

21. SHARE PREMIUM ACCOUNT AND RESERVES

	Group and Company Shares to be issued £'000	**Group and Company** Share premium account £'000	**Group and Company** Merger reserve £'000	**Group** Other reserves £'000	**Group** Profit & loss £'000	**Company** Profit & loss £'000
At 1 April 2004	–	12,850	–	(801)	(9,918)	(3,205)
Shares to be issued	760	–	–	–	–	–
Premium on issue of shares	–	2,184	670	–	–	–
Retained (loss) for the year	–	–	–	–	(1,020)	(30)
At 31 March 2005	**760**	**15,034**	**670**	**(801)**	**(10,938)**	**(3,235)**

Included with the share premium are professional fees of £114,000 associated with the Placing and Open Offer. These costs were deducted from the share premium. £760,000 of shares to be issued refers to the ordinary shares of UBC Media Group plc which may be issued in connection with the deferred consideration payable dependant upon the amount of profit before taxation of Smooth Operations (Productions) Limited over the two years to 30 June 2006. See note 24.

22. RECONCILIATION OF OPERATING (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2005 £'000	2004 £'000
Operating (loss)	**(1,093)**	(1,016)
(Profit) on sale of fixed assets	**–**	(4)
Amortisation of intangible assets	**20**	25
Amortisation of goodwill	**647**	316
Depreciation of tangible fixed assets	**129**	155
(Increase) / decrease in work in progress	**(2)**	18
(Increase) / decrease in debtors	**(1,323)**	254
Increase in creditors	**760**	343
Net cash (outflow)/inflow from operating activities	**(862)**	91

23. RECONCILIATION OF MOVEMENT IN NET FUNDS/(DEBT)

	2005 £'000	2004 £'000
Increase/(decrease) in cash in year	**174**	(27)
Movement in finance leases	**–**	47
Movement in long term debt	**(741)**	–
Opening net funds/(debt)	**3,987**	2,967
	3,420	2,987
Liquid resources	**(1,000)**	1,000
Net funds at 31 March	**2,420**	3,987

Liquid resources comprise short-terms deposits with Coutts Bank which mature within 6 months of the date of inception.

23. RECONCILIATION OF MOVEMENT IN NET FUNDS/(DEBT) CONTINUED

Analysis of net funds/(net debt)	As at 1 April 2004 £'000	Cash flow £'000	Other non–cash changes £'000	**As at 31 March 2005 £'000**
Cash in hand and at bank	3,324	174	–	3,498
Debt due after one year	(337)	–	(741)	(1,078)
	2,987	**174**	**(741)**	**2,420**

24. ACQUISITIONS

Smooth Operations (Productions) Limited was incorporated on 30 March 2004 and acquired the business of Smooth Operations on 10 August 2004 for a total consideration of £3.779 million (including professional costs associated with this acquisition amounting to £79,000). The initial consideration has been satisfied by a cash payment of £1.2 million and the issue of 2,453,987 new ordinary shares of UBC Media Group plc of 1p each at a consideration price of 24.45p per share. A further maximum deferred consideration of £1.9 million payable in a combination of cash and issue of new ordinary shares of UBC Media Group plc is payable based upon the profitability of Smooth Operations (Productions) Limited in the period from 30 July 2004 to 29 July 2006, with the first part of any deferred consideration payable in October 2005. The minimum deferred consideration is £nil.

This purchase has been accounted for as an acquisition. From the date of the acquisition to 31 March 2005, the acquisition contributed £1.14 million to turnover and £112,000 profit after tax. Smooth Operations (Productions) Limited contributed £553,000 to the Group's net operating cash flows.

Smooth Operations (Productions) Limited	Book value £'000	Revaluations £'000	Fair Value £'000
Tangible fixed assets	59	(38)	21
Debtors	44	–	44
Creditors	(6)	–	(6)
Net assets acquired	97	(38)	**59**
Goodwill			**3,720**
Consideration			**3,779**
Consideration satisfied by:			
Shares issued (net of issue costs of £30,000)			600
Cash			1,279
Deferred share issue			760
Deferred cash			1,140
			3,779

UBC Media Group plc increased its shareholding in Oneword Radio Limited to 100% on 30 June 2004 when it acquired the 50% shareholding of USI Holdings Limited for £694,000. The consideration was satisfied by the issue of 2,435,282 new ordinary shares of UBC Media Group plc of 1p each at a consideration price of 28.5p per share.

This purchase has been accounted for as an acquisition. In its last financial year to 31 December 2003, Oneword Radio Limited made a loss after tax of £1,146,000. For the period since that date to the date of acquisition, Oneword Radio Limited made a loss after tax of £468,000. From the date of the acquisition to 31 March 2005, the acquisition contributed £52,000 to turnover and £589,000 loss after interest and tax.

Oneword Radio Limited	Book value £'000	Revaluations £'000	Fair Value £'000
Tangible fixed assets	4	–	4
Debtors	94	–	94
Creditors	(4,011)	3,935	(76)
Cash	(1)	–	(1)
Net assets acquired	(3,914)	3,935	**21**
Goodwill			**674**
Consideration			**695**
Consideration satisfied by:			
Initial investment			1
Share issue			694
			695

The £3,935,000 revaluation represents loans that have been fully written down by directors following a fair value exercise.

25. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2005 £'000	2004 £'000
Opening Equity Shareholders' Funds	**3,710**	3,445
Issue of new shares	**128**	108
Shares to be issued	**760**	–
Share premium	**2,184**	1,631
Merger reserve	**670**	–
(Loss) for the financial year	**(1,020)**	(1,474)
Closing Equity Shareholders' Funds	**6,432**	3,710

26. OPERATING LEASE COMMITMENTS

At 31 March 2005 the Group has lease agreements in respect of licence fees, properties, vehicles, plant and equipment, for which the payments extend over a number of years:

Annual commitment under non-cancellable operating leases expiring:

	As at 31 March 2005			As at 31 March 2004		
	Land and buildings £'000	**Other £'000**	**Total £'000**	Land and buildings £'000	Other £'000	Total £'000
Within 1 year	**–**	**39**	**39**	–	–	–
Within 2 to 5 years	**61**	**70**	**131**	57	3	60
After 5 years	**–**	**1,224**	**1,224**	–	857	857
	61	**1,333**	**1,394**	57	860	917

27. CONTINGENT LIABILITIES

Legal Claim
The directors have sought legal 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 Sound ("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 6 February 2002, which decided against the Italian courts having jurisdiction to try the case under all counts with the exception of pre-contractual liabilities. Having considered legal advice, the directors are confident of successfully defending this claim, however they have now indicated their willingness to settle for Euro 15,000 (circa £10,000) to overcome the aggravation factor associated with legal action. RDS has indicated their willingness to settle and have indicated that the current offer of Euro 15,000 is satisfactory. Therefore the directors have provided for Euro 15,000 in the profit & loss account in the year ended 31 March 2005. The directors have been advised that the Italian courts have delayed their judgment on the final outstanding claim of pre-contracted liability pending the settlement of the dispute.

28. PENSION COMMITMENTS

The assets of the money purchase pension schemes are held in separate trustee-administered funds. The Group made contributions of £50,000 (2004: £64,000) into the money purchase scheme.

29. DIVIDENDS AND APPROPRIATIONS

No dividends have been proposed for the year ended 31 March 2005 (2004: £nil).

30. RELATED PARTY TRANSACTIONS

FRS8 "Related Party Transactions" requires the disclosure of the details of transactions between the reporting entity and related parties. The Group has taken advantage of the exemption under FRS8 not to disclose transactions between group companies.

Transactions with directors
During the year there were no transactions with directors.

Transactions with joint ventures
During the year the Group charged Oneword Radio Limited £17,000 (2004: £136,000) and The Digizone Limited £32,000 (2004: £41,000) for the provision of management, technical and administration services and studio facilities.

For the period 1 April 2004 to 30 June 2004 the Group loaned £90,000 to Oneword Radio Limited.

Details of balances held with Group companies at the year-end are disclosed in notes 16 and 17.

31. 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 the 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 year under review, the group's policy not to use or trade in derivative financial instruments.

The Group's financial instruments comprise its borrowings, consisting of its loan and convertible loan notes, bank overdrafts and finance lease liabilities, cash and short-term deposits, loans to its joint ventures and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of the financial liabilities is to provide finance for the Group's operations in the year between raising equity funding. The main purpose of the financial assets is to provide some finance to its joint ventures or as a store of liquid resources.

The Group has no exposure to foreign currency risk; thus the main risks arising from the Group's financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing these risks and they are summarised below. These policies have remained unchanged throughout the year under review.

Interest rate risk
The Group primarily finances its operations through raising of equity finance from its shareholders and thus is not generally exposed to interest rate risk on financial liabilities. However, some financing of fixed assets has been achieved using floating rate finance leases and in the past a small amount of temporary funding has been taken through a bank overdraft. For the remaining loan note of £337,000 with market interest rates at their current low level, the group has not sought to protect itself from the adverse cash flow effects should market interest rates rise.

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

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

Liquidity risk
The Group's policy throughout the year under review has been to ensure the continuity of funding. Of the convertible loan debt financing of £1,686,000 secured in October 2001, £1,349,000 was repaid in May 2002 out of the proceeds of the equity financing completed in April 2002. The remaining debt financing of £337,000 is interest-free if repaid before 1 October 2011.

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

31. FINANCIAL INSTRUMENTS CONTINUED

Interest risk profile

Financial assets

The interest rate profile of the Group's financial assets at 31 March 2005 was:

	2005 £'000	2004 £'000
Cash and short term deposits – floating rate	**3,498**	3,324
Short term deposits – floating rate	**–**	1,000
Loans to joint ventures		
– book value	**458**	2,300
	3,956	6,624

All of the above are in sterling.

At 31 March 2005, £3,498,000 was placed on overnight deposit at an average of 4.18% per annum. Floating rate cash earns interest based on the relevant LIBID equivalents or government bond rates. The loans to joint ventures are interest free and repayable at the discretion of the Board of The Digizone Limited.

Financial liabilities

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

	2005 £'000	2004 £'000
Loans – floating rate	**337**	337
	337	337

The above are in sterling.

At 31 March 2005, the Loan – floating rate liability comprises one loan note. This was issued by Classic Gold Digital Limited to GWR plc for £337,000. The loan note is to be redeemed or repaid at par on or before 1 October 2011. If the loan is repaid on or before that date then no interest accrues on this loan. Otherwise interest accrues at 2% per annum above the Barclays Bank plc base rate.

There are no undrawn facilities at the year ended 31 March 2005.

There are no material differences between the fair value and the book value of the Group's financial assets and liabilities as at 31 March 2005 and 31 March 2004.

Maturity of financial liabilities

The loan note of £337,000 issued by CGDL to GWR plc is to be redeemed or repaid at par on or before 1 October 2011.

32. 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 20 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. 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 exercise and the prevailing National Insurance rate at that time. At 31 March 2005 an amount of £26,000 (2004: £32,000) was provided based on the year-end share price of 29.25 pence (2004: 32 pence).

33. POST BALANCE SHEET EVENTS

On the 6 April 2005 UBC Media Group plc sold a 51% interest in Oneword Radio Limited to Channel 4 Television Corporation for a cash consideration of £1 million.

34. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

	Ordinary shares held 2005 %	Ordinary shares held 2004 %	Principal activity
Subsidiaries: immediate holding company			
UBC Media Group plc			
The Unique Broadcasting Company Limited	100	100	Radio production and advertising sales
Classic Gold Digital Limited	80	80	Radio broadcasting
Gilmour Broadcasting Limited	75	75	Dormant
UBC Digital Limited	100	100	Dormant
Network Radio Sales Limited	100	100	Dormant
UBC Media Group Trustees Limited	100	100	Dormant
Unique Digital Limited	100	100	Dormant
Oneword Radio Limited	50	–	Digital radio
Smooth Operations (Productions) Limited	100	–	Radio production
Subsidiaries: immediate holding company			
The Unique Broadcasting Company Limited			
Unique Facilities Limited	100	100	Dormant
Gilmour Broadcasting Limited	25	25	Dormant
Unique Interactive Limited	100	100	Dormant
G–One Limited	50	50	Dormant
Oneword Radio Limited	50	–	Digital radio
Joint venture of UBC Media Group plc			
The Digizone Limited	50	50	Digital data broadcasting
Digital News Network Limited	28	22	Provision of news programmes to digital radio
Joint ventures of the Unique Broadcasting Company Limited			
Oneword Radio Limited	–	50	Digital radio

All subsidiaries are consolidated into the financial information of the Group.

All joint ventures companies are registered in England and Wales as private companies limited by shares. The joint ventures have been included in the Group accounts for the year ended 31 March 2005 using the following accounting periods:

The Digizone Limited	Year ended 31 March 2005
Digital News Network Limited	Year ended 31 March 2005

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the fifth Annual General Meeting of the Company will be held at the offices of Wragge & Co LLP, at 3 Waterhouse Square, 142 Holborn, London EC1N 2NH on 29 July 2005 at 11.00a.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 2005.
2. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be fixed by the directors.
3. To re-elect J. Hodson 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.
4. To re-elect M.A. Honey who retires by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
5. To re-elect J.P. Quinn who retires by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
6. To re-elect R.S. Silverstone who retires by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
7. To approve the Directors' Remuneration Report for the year ended 31 March 2005.

Special Business:

8. 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 £255,979 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 2006, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

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

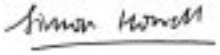
   THAT, subject to and conditionally upon the passing of resolution No.8 above, the directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (as defined in section 94 (2) of that Act) for cash pursuant to the authority conferred by that resolution as if section 89 (1) of the said Act did not apply to such allotment, PROVIDED that the power hereby conferred shall be limited:

   i) to the allotment of equity securities in connection with a rights issue in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to their holdings of such shares subject to such exclusions or entitlements, statutory restrictions or legal or practical problems under or resulting from the application of the laws of any territory or the requirements of any recognised regulatory body or stock exchange in any territory, and

   ii) to the allotment (otherwise than pursuant to the sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £170,653 being 10% of the issued share capital as shown by the latest published annual accounts of the Company;

   and shall expire fifteen months from the date of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company in 2006, 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 20 June 2005
By Order of the Board,



S.J. Howell, Company Secretary
Registered Office: 50 Lisson Street, London NW1 5DF

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 enclosed.
3. The Register of Directors' Interests in shares of the Company and copies of the service agreements between the Company and its Directors will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays and public holidays excluded) until the date of the Meeting and also on the date and at the place of the Meeting from fifteen minutes prior to its commencement until the conclusion of the Meeting.
4. The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only shareholders registered in the register of members of the Company at 11:00 am on 27 July 2005 shall be entitled to attend or vote at the aforesaid annual general meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after 11:00 am on 27 July 2005 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

PROXY FORM 2005 - UBC MEDIA GROUP PLC

For use by Shareholders at the Annual General Meeting, to be held on 29 July 2005

Please fill in form using BLOCK CAPITALS.

I/We (name in full) _____

of _____

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

(insert name and address) _____

_____

to act as my/our proxy at the Annual General Meeting of the Company to be held on 29 July 2005, and at any adjournment thereof.

*see Note 7 below

Please mark X how you wish your votes to be cast (see Note 6)

RESOLUTIONS	FOR	AGAINST
Ordinary business		
1. To receive the Directors' Report and Accounts	☐	☐
2. To re-appoint auditors	☐	☐
3. To re-elect J. Hodson as a Director	☐	☐
4. To re-elect M.A. Honey as a Director	☐	☐
5. To re-elect J.P. Quinn as a Director	☐	☐
6. To re-elect R.S. Silverstone as a Director	☐	☐
7. To approve the Directors' Renumeration Report	☐	☐
Special business		
8. To give an allotment authority	☐	☐
9. To disapply pre-emption rights	☐	☐

Date _____ 2005

Signature _____

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 on 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 Meeting, 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.

Tear along perforation

2 Fold along this line **second**

1 Fold along this line **first**

3 Fold along this line **third**

BUSINESS REPLY SERVICE
Licence No MB122

1

Capita Registrars
Proxy Department
PO Box 25
Beckenham
Kent BR3 4BR
England

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

Design Renton & Johnston www.rentonandjohnston.com Illustration Patrick Morgan Print Push

UBC Media Group PLC
50 Lisson Street
London NW1 5DF
T: 020 7453 1600
F: 020 7723 6132
www.ubcmedia.com