



UBC Media Group is a leading independent supplier of services to the radio industry.

UBC's Networked Programming business ranks as one of the largest independent radio advertising sales businesses in the UK. UBC's Digital Content business is one of the leading independent audio production companies in the UK, supplying both radio programming for the BBC and on-demand programming.

UBC is a leading supplier of the software that operates new digital radio data services. UBC has also developed a ground breaking new technology that allows listeners to purchase music directly from their radio.

UBC's activities are increasingly focused on the supply of services to the radio industry. Since the year-end UBC has announced the sale of the Classic Gold Digital network of digital and analogue radio stations, subject to consent from Ofcom.



BROADCAST DIVISION



NETWORKED PROGRAMMING

UBC is one of the largest radio advertising sales businesses in the UK. Revenues in this area were £9.00 million in the year to 31 March 2007. With the successful launch of the Sky News network now complete, UBC expects its Networked Programming business to grow in the forthcoming year.

UBC provides three programme networks to commercial radio: Network Drive, Entertainment News and Sky News Radio. This high quality network programming is supplied free of charge with UBC taking in exchange advertising inventory, and thereby creating strong national radio advertising opportunities that cut through a fragmented radio market.

DIGITAL CONTENT

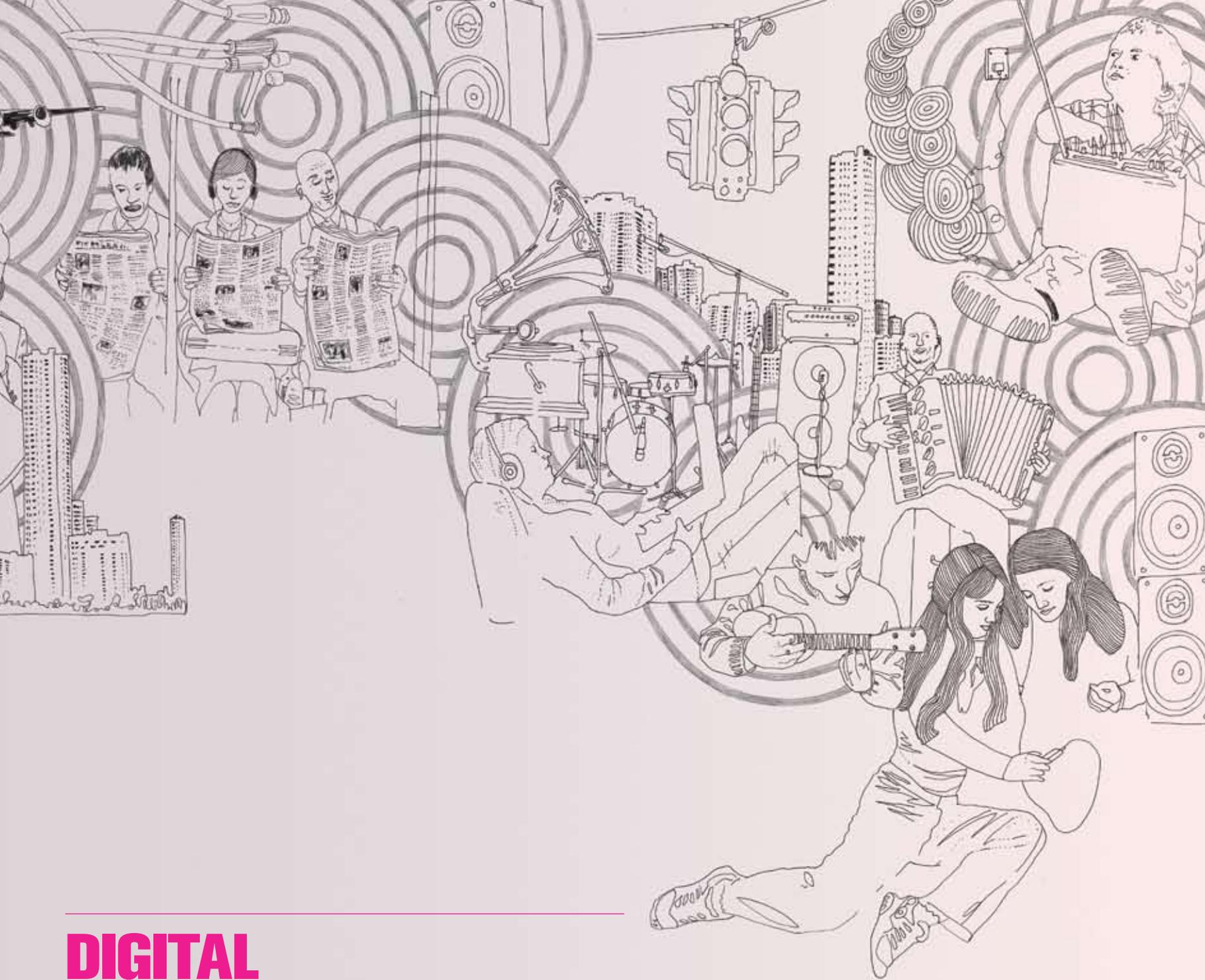
UBC is one of the largest independent audio production companies in the UK. In addition to its core radio programming for the BBC, in the last year UBC has taken a lead in producing on-demand programming for new customers, such as News International and Telegraph Media Group.

In 2007, UBC's multi-award winning production businesses produced over 725 hours of programming for the BBC. UBC's production businesses also produced more than 150 hours of podcasts for The Sun, The Times, the News of the World, The Guardian, and The Daily Telegraph. UBC's Digital Content businesses generated revenues for the year of £3.19 million.

DIGITAL STATIONS

Since the year-end UBC has announced the sale of its 80% shareholding in the Classic Gold Digital network of radio stations for £3.95 million in cash, subject to Ofcom approval. Classic Gold's revenues in the year, at £4.38 million, were in line with expectations.

UBC holds a 49% shareholding in the national digital station, Oneworld Radio, which is the only commercial station in the UK to be linked with a national TV broadcaster. In addition, UBC is a member of the consortium led by Channel 4 Radio that is applying for the new national DAB multiplex.



DIGITAL DIVISION



cliq

DIGITAL SOFTWARE

UBC ranks as a market leader in the development of software for digital radio. Revenues for UBC's digital software business were £1.06 million.

UBC's software products power some of the most innovative new services in digital radio. Building on our experiences in the UK digital radio market, UBC is benefiting from the worldwide growth in digital radio. In 2007, UBC has continued to build on sales of its software in the US – the world's largest radio market.

CLIQ

Cliq – UBC's music downloading service – has the potential to be one of the most exciting innovations in the radio industry in a generation.

In the year to 31 March 2007 UBC invested £1.62 million in developing a pioneering service that will allow radio listeners to purchase music directly from radio stations as it is played. The service is currently being broadcast in trial form in London by Heart 106.2 and UBC plans to launch nationally later this year. UBC has announced an agreement with Imagination Technologies to incorporate Cliq in a wide variety of future digital radios.

CHAIRMAN'S STATEMENT

As predicted, the twelve months period to 31 March 2007 proved to be a transitional year for UBC Media Group. Our strategic objective remains to create a substantial radio services business capable of delivering sustained growth in the future.

UBC's strategy is based on investing the returns from our traditional businesses to finance the Group's digital expansion. As promised, UBC has invested heavily this year in the development of our innovative music downloading service. As a result, we ended the financial year with the technology proven and ready for launch.

THE GROUP'S PERFORMANCE

A harsh advertising market experienced across the commercial radio industry held back the overall performance of the Group's traditional businesses. Group revenues fell by 9.31% to £17.63 million (2006: £19.44 million) in the year to 31 March 2007. Our total investment in the year in developing UBC's new music downloading service on digital radio was £1.62 million (2006: £396,000), of which £1.11 million (2006: £326,000) was capitalised. UBC's operating loss for the year was £1.26 million (2006: £193,000 loss) and loss before taxation was £1.69 million (2006: £234,000 loss).

Revenues from UBC's Networked Programming business were broadly flat in the first half of the year. This was followed by a sharp decline in trading in the third quarter that had a significant impact on the Group's overall performance for the year. Although UBC experienced an improvement in trading conditions in the final quarter of the year, the recovery was insufficient to make up for revenues lost in the third quarter. Despite the disappointing performance in the year, prospects for UBC's Networked Programming business remain good. The improved trading conditions have continued into the new financial year and we are making good progress in building the network of stations taking the new Sky News Radio service. I am confident that after this short phase of retrenchment in 2007, UBC's Networked Programming business will revert to delivering sustained growth in the future.

The performance of the Group's Digital Content and Digital Software businesses were more satisfactory. UBC's Digital Content revenues declined 8.9% to £3.19 million (2006: £3.5 million), reflecting the closure last year of a low margin studio operation. During the year UBC has continued to build revenues from a range of new customers, including The Times, The Daily Telegraph and The Sun, and the business is increasingly focused on securing a smaller number of higher margin commissions from the BBC. UBC's Digital Software made good progress in developing its international client base, securing important sales in a number of major international markets, with revenues up 31.5% at £1.06 million (2006: £806,000).

LAUNCHING OUR MUSIC DOWNLOADING SERVICE

Learning a lesson from the launch of DAB digital radio (where broadcasters launched new radio services at great costs many months before affordable DAB radios were available for consumers to buy), we took the decision at the end of the financial year to pause on the full consumer launch of our music downloading service. After so much hard work and investment, this short delay is frustrating, but we have used the time well since then to refine the product and to bring new partners on board.

FOCUSING ON RADIO SERVICES

UBC's primary activity has always been supplying services to radio. These services are varied and cover a wide range of activities, including providing free radio programming to radio stations in return for advertising airtime; supplying innovative software solutions to the radio industry; and producing programmes and other audio content to the BBC and others. The launch of our music downloading service will further extend the range of services that UBC supplies the radio industry.

The Classic Gold network of radio stations has formed part of the Group for more than six years and in that time has made a useful contribution to the Group's performance. However, the Board of UBC had felt for some time that the ownership of radio licences and operation of radio stations did not fit well with the rest of the Group's operations and was a potential distraction of the management team's time and focus. For this reason the Board was pleased to secure a £3.95 million cash offer from GCap Media plc for UBC's 80% shareholding in Classic Gold Digital, subject to Ofcom approval. UBC proposes to invest the proceeds from the disposal in its music downloading service.

OUR TEAM

In recognition of the very significant challenges involved in launching a major new consumer technology, the management structure of UBC was streamlined during the year. John Quinn, Commercial Director was appointed to manage the Broadcast Division, with responsibility for the Group's Networked Programming, Digital Content and Digital Stations businesses.

The Board was shocked and saddened by the death of Prof. Roger Silverstone during the year. Roger had been a non-executive director of UBC Media Group since the Company's flotation in June 2000. During that time Roger made a significant and valuable contribution to the deliberations of the Board.

UBC is a people-based business and the achievements of the past year have depended on our employees' commitment, enthusiasm and hard work. The Board of UBC would like to thank the management and staff of UBC for their dedication in delivering a series of challenging targets, often in the face of a hostile trading environment.

PROSPECTS

Although it is still early, we have made an encouraging start to the new financial year. Our two divisions all have good market positions, leaving us ideally placed to exploit opportunities for growth. The board looks forward to a year of strong financial performance and strategic progress.



John Hodson
Chairman



CHIEF EXECUTIVE'S REVIEW

For six years, UBC has carefully balanced investment in innovative digital radio services whilst maintaining a strong core business of programme supply and advertising sales. This combination, with support from our shareholders, has allowed us to develop a leading position in the rapidly emerging digital radio market with strong content focused businesses and, for the first time this year, significant international software revenues.

A BUSINESS POISED FOR GROWTH

This time last year, UBC embarked on its most ambitious and potentially valuable digital development: the creation of a service that will allow listeners to purchase music directly from radio stations. This service, branded today as 'Cliq', uses radio's strength as a prompt to purchase to create new revenue streams for the industry.

In the end, this development has had to take place against a backdrop of the worst advertising climate in the UK radio industry for many years. Revenues and profits have fallen across the board and our core businesses have suffered in line with the industry as a whole. UBC revenues for 2007 were down 9.3% on the previous year at £17.63 million (2006: £19.44 million). However, because of a strong

balance sheet with no debt, we have been able to maintain our development throughout this period. We have pushed ahead with Cliq, starting live transmission in London, signing up stations to the service and ensuring that devices will be available for our launch.

In our core business, we have launched a new national commercial news service with BSkyB's award winning Sky News to add to our existing commercial network services of Traffic and Travel and Entertainment News. These three services now position UBC as the leading provider of network services in the UK and mean we can offer advertisers an unrivalled airtime package with access to 56% of the UK's commercial radio audience. We have also successfully developed new online content revenues to add to a substantial business from the BBC and have successfully moved our radio production operations into television.

The difficult climate has also provided opportunity for focus. We have determined that UBC should concentrate on its service businesses. After the year-end, we successfully disposed of our Classic Gold broadcast business to GCap, subject to approval from Ofcom.

We emerge from a difficult year in good shape and with a recovering advertising market benefiting our enlarged network business that is showing strong growth in the first quarter of the new financial year. Advertising revenues in the first quarter of the new financial year are 21% ahead of the same period last year. International software sales are continuing to develop and Cliq is poised to launch in the UK later this year.

THE ADVERTISING RECOVERY

Despite the recent falls in radio's share of the advertising market, the fundamental strengths of radio advertising remain compelling and consequently we can expect there will be a recovery in both the value of radio advertising and radio's share of the advertising market in the future as advertisers become accustomed to a fragmented market place. In this climate it is likely that network services, with their ability to offer large editorially focused national audiences, will see disproportionate growth.

UBC offers the radio industry three 'must-have' radio programmes, in the form of Network Drive, Entertainment News and Sky News Radio. The attraction of the networked business model, in which UBC supplies programming to radio stations free of charge in return for advertising space, is an ideal business solution for an industry experiencing declining revenues and increasing pressure on margins. The appeal of networked programmes is demonstrated by the fact that UBC now supplies all but one of the main radio groups in the UK with one or more

of the programmes. The exception is GCap, who introduced a new inventory policy during the year and removed the former GWR stations from our networks.

We announced a number of contract wins for Sky News Radio – our newest networked programme – during the year and expect further growth from the network of stations in the year ahead.

Revenues from our networked programming business declined 18.3% in the year to £9.00 million (2006: £11.01 million), reflecting a sharp deterioration in trading in the third quarter. A recovery in radio advertising in the final quarter has continued strongly into the new financial year. If the current recovery in radio advertising is maintained, we are confident that the Group will once again deliver revenue growth in the forthcoming year.

NEW DIGITAL CONTENT REVENUES

As well as content supply through our advertiser-funded commercial radio networks, UBC has always had a strong supply business to the BBC through its two production companies, Unique in London and Smooth Operations in Manchester and Cambridge. These businesses too have been changing to reflect a new and dynamic market for digital audio content.

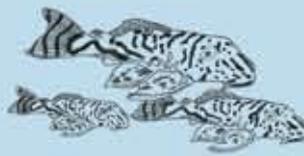
We recognise that radio revenues from the BBC are likely to be at best flat in the coming years following the BBC's lower than inflation licence fee settlement. Consequently, both our production operations have successfully developed new revenue streams which we anticipate providing growth in the coming year.

The top national media brands are increasingly flexible about what platforms they use to reach their audiences, with more and more of the UK national newspapers and magazines investing in broadcasting on-demand content, such as podcasts. Although the BBC remains the largest customer of our digital content business, nearly 40% of the programming produced by UBC's London-based production business was in supplying audio podcasts to a growing number of customers, including News International, The Guardian, Telegraph Media Group, Channel 4 and Marie Claire.

In the case of Marie Claire, we are also producing streamed IPTV video content for their websites and we believe the time is now right for both our production companies to increase their television production activities. The advance of digital content supply has radically changed the video production industry, has lowered the barriers to entry which previously existed and has created a production process requiring less manpower and much more akin to the radio production



CHIEF EXECUTIVE'S REVIEW CONTINUED



model already familiar to UBC. Our Manchester-based production business, Smooth Operations has been commissioned by Microsoft to provide streamed video content for the forthcoming Live Earth music event and will also be producing four television programmes for BBC 4 on this month's Cambridge Folk Festival.

Following the closure last year of a studio operation largely servicing external clients, UBC's studio business has been incorporated in the Group's digital content business, reflecting its predominant role as a provider of studio services to the Group. In the year to 31 March 2007 UBC's digital content business, including studios, reported turnover in the period of £3.19 million (2006: £3.5 million). Important re-commissions for both Unique and Smooth Operations provide the business with a good foundation for the year ahead.

AN INTERNATIONAL DIGITAL SOFTWARE BUSINESS

UBC is fast establishing itself as a leading international supplier of digital software products, with a growing presence in a number of key overseas markets. UBC has two main software products: 'ManDLS', which is used to manage the text display (Dynamic Label Segment) element of a digital radio service; and the management system used to operate electronic programme guide (EPG) services broadcasting to EPG-enabled digital devices. In the year to 31 March 2007 UBC reported revenues from sales of its software services up 31.5% at £1.06 million (2006: £806,000).

Although originally developed for application in the UK, the technical lead that UBC has in this area has meant it has been able to adapt its software to meet many of the other digital radio standards around the world. During the year we won new contracts for our software products in the emerging North American and Australian digital radio markets. In Australia, Commercial Radio Australia, the organisation leading commercial radio's digital development strategy, announced plans to use UBC's EPG service during its digital radio trials in Sydney. In addition, UBC secured significant software contracts covering the United States and Canada that, if rolled out across both markets, have the potential to deliver future revenue growth.

CLIQ - AN INNOVATIVE TECHNOLOGY FOR MUSIC RADIO

One of radio's greatest strengths is that it is the place where consumers discover music. Various studies in the last few years have estimated that between 60-65 % music buyers are prompted by radio to make their purchase.

Despite the rapid increase in ownership of portable digital music players, the number of people who listen to music on the radio is not in decline, indicating that in a world where digital music is becoming increasingly important, radio has a key role to play. Each listener may well listen to his or her favourite radio station for ten or more hours a week and each month will listen to hundreds of different music tracks. At the same time, music buyers in the UK spend on average over £90 each year on music - whether online or from the High Street.

Cliq allows radio stations to offer the music they play to listeners for instant purchase. In creating the service, UBC has not only developed proprietary technology, but has brought together the major radio companies, record companies, digital music suppliers and hardware manufacturers. This combination delivers a one-stop or 'One Cliq' service to the listener and provides the radio industry with a valuable additional revenue stream.

A track listing of the songs as they are played appears on the screen of suitably equipped digital radios, sent over the radio spectrum together with all the information necessary to make the song purchase from UBC's digital music supplier. Simply highlighting the track, with one 'Cliq' the listener will be able to purchase that song with their pre-paid account debited and the song instantly e-mailed to them or made available on the portable device they are using to listen to their favourite station.

UBC has spent the last year developing and testing the technology after very encouraging consumer trials. During the year we invested a total of £1.6 million on the music downloading service and since March it has been transmitting as a live service 24 hours a day on Heart in London. At present the only device capable of receiving the service is the 'Lobster' digital radio equipped mobile phone. The commercial success of music downloading relies, however, on the wider availability of digital radios capable of operating the service. UBC has announced an agreement with Imagination Technologies to incorporate Cliq on a wide variety of its future digital radios, including a new generation of radios that will be capable to being connected to the Internet via WiFi.

UBC stands poised, ready to capitalise on the excellent progress of the last twelve months.

SALE OF CLASSIC GOLD DIGITAL

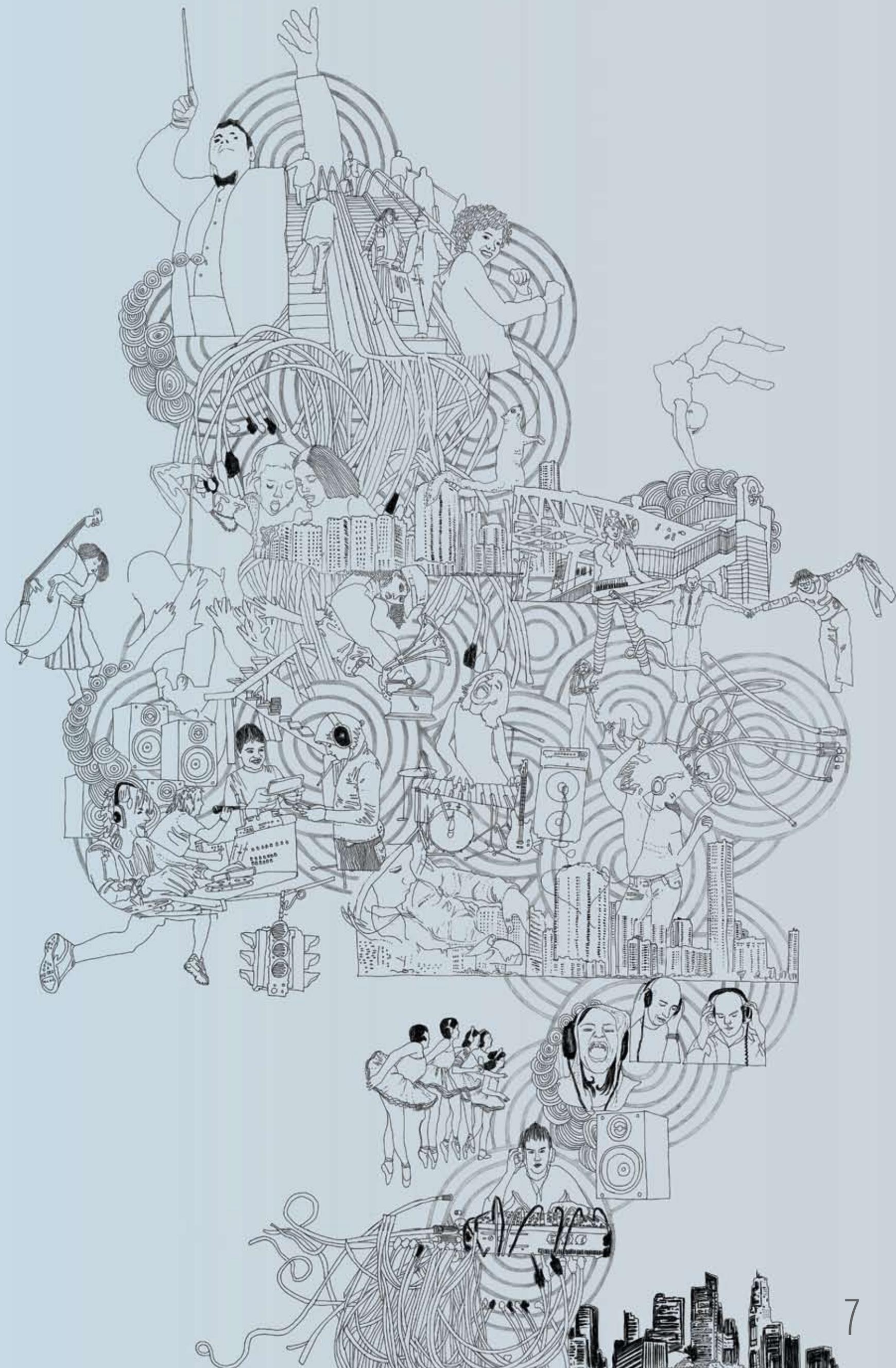
Classic Gold Digital delivered a satisfactory performance during the year, with revenues 6.3% ahead at £4.38 million (2006: £4.12 million), helped by a buoyant sponsorship and promotions market. For some years it

has been clear that the long-term prospects for the Classic Gold network have been held back by the steady loss of AM listeners to the service. Although the impact of this has been mitigated partly by growing digital listening, the profitability of the business has come under increasing pressure. With UBC focusing on providing services to the radio industry, the ownership of radio licences and operation of radio stations was viewed by the Board as a non-core activity. Accordingly, since the year-end the board has secured a £3.95 million cash offer from GCap Media for its 80% shareholding in the Classic Gold network, subject to approval of the disposal from Ofcom. It is the Board's intention that the proceeds from the sale will be used to provide additional resources for UBC to invest in the launch of the Group's music downloading service.

PROSPECTS

The last year has been the most exciting and challenging in the Company's history. We are now poised to deliver on much of what we have strived to develop in the past few years. Our focus for this year remains firmly on our strengths as a radio services company and I believe we have put in place the building blocks that will deliver real progress in the months ahead. We are committed to our networked programming business delivering growth in the year ahead and the successful launch of our music downloading service. I believe the future outlook for UBC Media Group remains good.

Simon Cole
Chief Executive



FINANCIAL REVIEW

In the year to 31 March 2007 Group revenues declined 9.31% to £17.63 million (2006: £19.44 million).

Revenues by operation for the period were as follows:

BROADCAST DIVISION: £16.57 million (2006: £18.63 million) -11.1%

– Networked Programming: £9.00 million (2006: £11.01 million) -18.3%

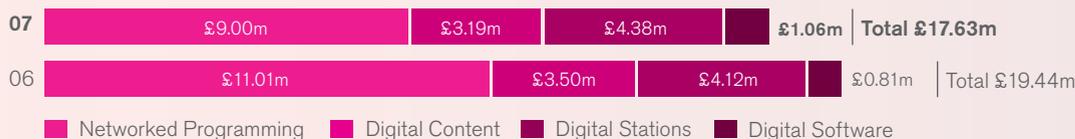
– Digital Content: £3.19 million (2006: £3.5 million) -8.9%

– Digital Stations: £4.38 million (2006: £4.12 million) +6.3%

DIGITAL DIVISION: £1.06 million (2006: £806,000) +31.51%

– Digital Software: £1.06 million (2006: £806,000) +31.51%

REVENUES BY OPERATION (£ millions)



The decline in revenues from the Networked Programming business, down 18.3% at £9.00 million (2006: £11.01 million), reflects the impact of a sharp downturn in radio advertising experienced in the third quarter. Revenues were broadly flat for the first half of the year and a recovery in radio advertising in the final quarter failed to make up the ground lost in poor third quarter trading.

Revenues from our Digital Content business, which includes UBC's programme production businesses, were 8.9% down at £3.19 million (2006: £3.5 million). The fall in revenues reflects the closure in the previous year of a studio operation. Our regional and specialist music business has continued to perform well and the Digital Content business reported increasing revenues from the supply of podcasts and other audio content to a number of new entrants to the audio broadcasting sector.

Revenues from the Classic Gold Digital network of radio stations were up 6.3% on the previous year at £4.38 million (2006: £4.12 million), reflecting a strong local sponsorship and promotions market and stable audiences for much of the year. Since the year-end UBC has sold its 80% interest in the Classic Gold network of stations for a cash consideration of £3.95 million, subject to Ofcom approval.

UBC's Digital Software operation delivered revenues up 31.51% year-on-year at £1.06 million (2006: £806,000), reflecting strong growth from the sale of the Group's digital software services in North America.

(Year ended 31 March)	2007 (£'000)	2006 (£'000)
Turnover	17,628	19,435
Gross Profit	4,667	5,083
Administrative Expenses	3,569	3,519
Amortisation of goodwill and intangible assets	(543)	(542)
Digital Licence Costs	(1,001)	(1,145)
Music Downloading Costs*	(511)	(70)
Impairment of fixed asset investment	(306)	–
Operating Loss	(1,263)	(193)

* Investment in Music Downloading in 2007 was £1,622,000 (2006: £396,000), £1,111,000 (2006: £326,000) of which was capitalised. Included in these costs is an allocation of the salaries of the Chief Executive and the Managing Director, Digital Division together with certain data licence fees.

UBC reported a loss on ordinary activities before taxation in the year of £1.69 million (2006: £234,000 loss).

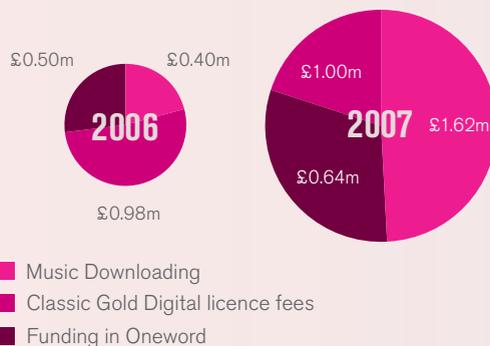
INVESTMENT IN DIGITAL RADIO

In the year to 31 March 2007 UBC invested the following amounts in the development of digital music downloading and digital radio:

- Investment of £1.62 million (2006: £396,000) in Digital Music Downloading, of which £1.11 million (2006: £326,000) was capitalised;
- Expenditure on Classic Gold Digital licences of £1,001,000 (2006: £977,000), relating to the transmission of Classic Gold Digital on digital multiplexes covering Northern England and London;
- Joint venture funding of £642,000 (2005: £503,000) in Oneword Radio.

UBC expects its investment in the development of its music downloading service to increase substantially in the forthcoming year as a result of its plans to launch a full commercial music downloading service using digital radio within the next twelve months.

INVESTMENT IN DIGITAL RADIO (£ millions)



FUNDRAISING

In June 2006 UBC raised £3 million before expenses through a placing of 15,000,000 new Ordinary Shares at 20p each. The shares were placed with existing and new institutional investors and certain directors and the proceeds used to further the Company's investment in its digital music downloading technology.

DISPOSAL OF SHAREHOLDING IN DIGITAL NEWS NETWORK

In July 2006 UBC received cash proceeds of £66,000 from the sale of its 28.05% shareholding in the digital radio station The Digital News Network. UBC's investment in The Digital News Network was a non-core investment.

SMOOTH OPERATIONS – DEFERRED CONSIDERATION

The acquisition of the business of Smooth Operations in August 2004 included a maximum deferred consideration of £1.9 million depending upon the profit growth achieved by Smooth Operations in each of the two years following the acquisition. The final tranche of the deferred consideration of £1,235,000 became payable in September 2006, comprising a cash payment of £741,000 and the issue of approximately 2.44 million new UBC ordinary shares.

BANK FACILITY

Since 31 March 2007 the Group has renewed an unutilised bank facility with Barclays Bank of £2.0 million.

CASH FLOW

During the year, UBC had a cash out flow from operating activities before working capital movements of £260,000 (2006: £468,000 inflow). Including working capital movements, UBC had a cash out flow from operating activities of £3.16 million (2006: £1.31 million inflow).

CASH

At 31 March 2007, UBC had cash in the bank of £1.93 million (2006: £4.68 million).

LOSS PER SHARE

In the year to 31 March 2007 UBC reported EPS of -0.83p (2006: -0.07p).

DIVIDEND

The Board is not recommending the payment of a dividend.

PRINCIPAL RISKS AND UNCERTAINTIES

These are detailed on pages 10 and 11 of the Report of the Directors.

POST BALANCE SHEET EVENT

Subsequent to the year-end UBC announced the sale of the 18 AM and associated digital radio licences that comprise the Classic Gold network to GCap Media plc, subject to the consent of Ofcom. UBC will receive cash proceeds from the sale of £3.95 million.

Jennifer Donald
Finance Director

BOARD OF DIRECTORS



John Hodson (60)
Non-Executive Chairman

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



Simon Cole (49)
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 (52)
Finance Director

Jennifer Donald qualified as a chartered accountant with KPMG and has held directorships in a number of private and publicly-owned companies. Jennifer is a member of the Nominations Committee.



Matthew Honey (41)
Managing Director,
Digital Division

Matthew Honey is Managing Director of Unique Interactive, with responsibility for the Group's Digital Division. 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.

DIRECTORS AND ADVISORS

For the year ended 31 March 2007

Executive directors

Simon A. Cole
Jennifer H. Donald
Matthew A. Honey
John P. Quinn

Non-executive directors

John Hodson
Timothy J. Blackmore MBE
Kelvin F. Harrison
Paul H.B. Pascoe

Company Secretary

Simon J. Howell

Registered Office

50 Lisson Street
London NW1 5DF

Registered Number

3958483

Nominated Adviser and Broker

Seymour Pierce Limited
20 Old Bailey
London EC4M 7EN

Financial Adviser

N M Rothschild & Sons Limited
New Court
St. Swithin's Lane
London EC4P 4DU

Solicitors to the Company

Wragge & Co LLP
55 Colmore Row
Birmingham B3 2AS

Auditors

Deloitte & Touche LLP
Hill House
1 Little New Street
London EC4A 3TR

Principal Bankers

Barclays Bank plc
27 Soho Square
London W1D 3QR

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA

Financial Public Relations

Portland
Aldwych House
81 Aldwych
London WC2B 4HN



John Quinn (50)
Group Commercial Director

John Quinn has overall management responsibility for the Group's Broadcast Division. 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 (62)
Non-Executive Director and
Group Editorial Director

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



Kelvin Harrison (52)
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 (46)
Non-Executive Director

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

REPORT OF THE DIRECTORS

for the year ended 31 March 2007

The directors present their report and the audited financial statements for the year ended 31 March 2007.

Business review and principal activities

The Chief Executive's Review of Business is contained on pages 5 to 6 and the Finance Review is contained on page 8. The principal business of the Group is the sale of radio advertising, the supply of radio programming and the provision of audio and data services to the radio industry. The Group is also engaged in the ownership of digital and analogue commercial radio stations.

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

Results and Dividends

The Group's financial results for the year are shown in the Consolidated Profit and Loss Account on page 16. The directors are not recommending the payment of a dividend for the year.

Directors and their interests

The names of the directors serving in the year and their interests at 31 March 2007 were as follows:

	Number of ordinary shares as at 31 March 2006	Number of ordinary shares as at 31 March 2007	Ordinary shares under option as at 31 March 2007
J. Hodson	–	250,000	–
S. A. Cole	20,667,884	21,025,064	–
J. H. Donald	19,225	634,225	3,225,299
M. A. Honey	4,481,429	4,481,429	417,935
J. P. Quinn	2,462,506	2,462,506	3,406,530
T. J. Blackmore MBE	20,080,857	20,080,857	–
K.F. Harrison	2,500	2,500	–
P. H. B. Pascoe	50,000	303,205	–
R.S. Silverstone	–	–	–

At 31 March 2007, the following directors' interests were also noted:

1. The 250,000 ordinary shares shown as beneficially held by J. Hodson are registered under the name of Smith & Williamson Nominees Limited.
2. Of the ordinary shares shown as beneficially held by S.A. Cole, 5,000,000 are registered under the name of HSBC Global Custody Nominee (UK) Limited.
3. Of the ordinary shares shown as beneficially held by T.J. Blackmore, 3,344,226 are registered in the name of his wife Margaret Blackmore.
4. Of the ordinary shares shown as 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. 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 1 April 2006	Options granted in year	Options relinquished in year	Options exercised in year	Options outstanding 31 March 2007	Exercise price (pence)	Date from which exercisable	Expiry date
J. H. Donald	205,000***	–	–	–	205,000	48.50	20/11/02	07/12/10
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	30/09/07
	2,250,000**	–	–	–	2,250,000	1.66	26/03/00	30/09/07
	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 2007 was 13p and the range during the year was 13p to 24p.

Substantial shareholders

At 1 June 2007, the Company has been informed of the following interests of 3% or more in its ordinary shares of 1p each in issue at that date:

	Number of shares	% of issued share capital
D.C. Thomson & Company Limited	25,375,000	13.17
S. A. Cole	21,025,064	10.91
T. J. Blackmore MBE	20,080,857	10.42
Vidacos Nominees Limited	18,926,000	9.82
State Street Nominees Limited	10,741,062	5.57
Unique Group Limited	8,448,714	4.38
BNY (OCS) Nominees Limited	6,345,306	3.29

Re-election of directors

In accordance with the Articles of Association T.J. Blackmore and K.F. Harrison will retire by rotation at the Company's Annual General Meeting ("AGM") and, being eligible, offer themselves for re-election. The Board has considered the requirements of the Combined Code in respect of these matters and believe that these members continue to be effective and to demonstrate their commitment to their roles, the Board and the Group. Brief particulars of all directors can be found on pages 9.

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 12 to 13. The Directors' Remuneration Report is given on page 14.

Principal risks and uncertainties

The outlook for the radio advertising market is uncertain and whilst the Group has performed satisfactorily for much of this year, there is no certainty it will do so against the market in the future. However, as disclosed elsewhere in the annual report and accounts, the Group's strategy of investing in network programming is providing access to audiences that advertisers want and is thus mitigating the risk for the Group.

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

The ultimate size of the markets for the Group's digital software products and the music downloading service currently under development are uncertain. However, the Group believes there is significant commercial potential for these products and continues to invest in both product and market development.

A continuing long-term decline in listening to radio services broadcast on AM adversely affected Classic Gold Digital Limited's ability to generate advertising revenues. Since the year-end the Group has disposed of its interest in Classic Gold Digital subject to Ofcom consent.

The other main risks to the Group are people, especially key executives, and the financing risks associated with being involved with early stage opportunities (such as digital music downloading). Retention of the key executives of the Group is recognised as a risk and is managed by the incentive and remuneration arrangements referred to on page 14. Financing of the Group's activities is covered in the Financial Review on page 8.

Annual general meeting

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

Authority to directors to allot shares: Resolution 6

The Companies Act 1985 provides that the directors may not allot shares unless empowered to do so by the shareholders. Such a power cannot be given for longer than five years at any one time and the total nominal value of shares that can be allotted must be specified. In order to renew the Board's powers in respect of unissued shares it is, accordingly, proposed that the directors be granted general authority at any time prior to the expiry of fifteen months following the forthcoming Annual General Meeting (or prior to the next Annual General Meeting of the Company, if earlier) to allot shares up to an aggregate nominal value of £289,104 representing approximately 15% of the current issued share capital.

Disapplication of pre-emption rights: Resolution 7

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

Employee involvement

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

Employment policy

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

Environmental policy

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

Going concern

After reviewing the Group's budget for the year to 31 March 2008 and its medium-term plans, the directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. Therefore they have adopted the going concern basis in preparing the accounts.

Charitable donations

The Group made charitable contributions of £2,106 (2006: £633) during the year, of which £796 was donated to the Group's nominated charity, Speakability. The Group made no political donations during the year.

Auditors

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

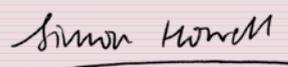
Disclosure of information to auditors

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

Policy and practice on payment of creditors

Each Group company is responsible for agreeing the details of terms and conditions relating to transactions with its suppliers where goods and services have been supplied in accordance with the relevant terms and conditions of the contract. Trade creditors for the Company at 31 March 2007 represented 53 days of purchases (31 March 2006: 60 days of purchases).

By order of the Board



Simon Howell

Company Secretary

50 Lisson Street
London NW1 5DF

25 June 2007

CORPORATE GOVERNANCE STATEMENT

for the year ended 31 March 2007

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

The Board

The Company is controlled through a Board of Directors, which at 31 March 2007 comprised four executive directors and four non-executive directors. Short biographies of each director are set out on page 9.

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

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

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

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

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

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

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

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

The Non-Executive Directors bring a wide range of experience and expertise to the Company's affairs which allows them to constructively challenge and help develop proposals and strategy, scrutinise performance and controls and take decisions objectively in the interests of the Company. P.H.B. Pascoe is not considered by the Board to be independent by virtue of his length of service as a non-executive director of both UBC Media Group plc and The Unique Broadcasting Company Limited. In addition, T.J. Blackmore, by reason of his significant shareholding in the Company, is not considered by the Board to be independent.

All directors are subject to election by shareholders at the first opportunity after appointment and at each annual general meeting of the Company one-third of the Directors are subject to retirement by rotation. At the Annual General Meeting in 2006 S.A. Cole, J.H. Donald, and P.H.B. Pascoe were re-elected to the Board. Details of directors submitted for re-election at the forthcoming AGM are provided on page 23.

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

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

	Number of Board meetings attended
J. Hodson	8
S. A. Cole	8
J. H. Donald	8
M. A. Honey	6
J. P. Quinn	8
T. J. Blackmore MBE	7
K. F. Harrison	8
P. H. B. Pascoe	8
R. S. Silverstone (died 16 July 2006)	2

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 13 and the Auditors' statement on the respective responsibilities of directors and auditors is included within their report on page 15.

Internal controls and risk management

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

The Board is also responsible for the identification and evaluation of major risks faced by the group and for determining the appropriate course of action to manage those risks. The Board has put in place the procedures necessary to implement and comply with the guidance 'Internal Control: Guidance for Directors on the Combined Code' (The Turnbull Report).

Committees of the Board

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

Audit Committee

The Audit Committee consists of P.B.H. Pascoe, as chairman, and K.F. Harrison. The Audit Committee has primary responsibility for monitoring the integrity of the financial statements of the Group; reviewing the Group's internal financial controls; ensuring that the financial performance of the Group is properly measured and reported on; and for reviewing reports from the Group's auditors relating to the Group's accounting and internal financial controls. The Chairman and Finance Director and other senior management also attend committee meetings by invitation. The Committee has unrestricted access to the Company's auditors. The Audit Committee met formally two times during the year. The Committee reviews arrangements by which staff of the company may raise in confidence concerns about improprieties in matters of financial reporting or other matters and investigates appropriate follow up action.

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

The Remuneration Committee

The Remuneration Committee consists of K.F. Harrison as chairman, J. Hodson and P.H.B. Pascoe. Further details of the Committee's remit are contained in the Directors' Remuneration Report on page 14. The Remuneration Committee met formally on two occasions during the year.

Nominations Committee

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

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, final and interim announcements, trading statements and press releases are available on its website at www.ubcmedia.com.

Constructive use of the Annual General Meeting

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

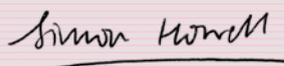
U.K. Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. The directors are required to prepare the financial statements on the 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 2007 and that applicable UK 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

25 June 2007

DIRECTORS' REMUNERATION REPORT

As an AIM-listed company, the Directors' Remuneration Report regulations do not formally apply in 2007. However, UBC voluntarily discloses the following information:

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

Remuneration policy for executive directors

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

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

Directors' service contracts

The executive directors, S.A. Cole, J.H. Donald, M.A. Honey and J.P. Quinn, each have 12-month rolling service agreements with the Company. On 6 June 2007 the non-executive chairman, J. Hodson, and the directors, T.J. Blackmore, K.F. Harrison, and P.H.B. Pascoe, were appointed as non-executive directors of the Company for a one-year period expiring on 5 June 2008. The appointment of the non-executive chairman, J. Hodson, and the appointment of the non-executive directors, T.J. Blackmore, K.F. Harrison and P.H.B. Pascoe may be terminated at any time by the Company on three months' notice.

The following information was audited. Executive directors participate in an annual bonus plan under which in the year to 31 March 2007 their maximum bonus potential was 50% of salary. The measures used to assess performance under the bonus plan in the year to 31 March 2007 for all executives were Group and divisional profitability compared to market expectations.

The remuneration of each of the directors for the year ended 31 March 2007 was as follows:

	Salary and fees £'000	Bonus £'000	Taxable benefits £'000	Pension contribution £'000	2007 Total £'000	2006 Total £'000
Executive						
S. A. Cole	150	–	1	4	155	173
J. H. Donald	109	–	1	4	114	120
M. A. Honey	106	22	1	3	132	102
J. P. Quinn	121	6	1	4	132	165
Non-executive						
J. Hodson (chairman)	36	–	–	–	36	34
T. J. Blackmore MBE ⁽¹⁾	32	–	–	–	32	42
K. F. Harrison	20	–	–	–	20	19
P. H. B. Pascoe	20	–	–	–	20	20
R. S. Silverstone ⁽²⁾	6	–	–	–	6	18
N. E. Edmonds ⁽³⁾	–	–	–	–	–	–
I. M. Peacock OBE ⁽⁴⁾	–	–	–	–	–	16
K.R. Harris ⁽⁵⁾	–	–	–	–	–	3
	600	28	4	15	647	712

(1) In the year to 31 March 2007 T.J. Blackmore received fees totalling £32,000 (2006: £42,000) for his services as Editorial Director and consultant to the Group. He receives no remuneration for his role as a non-executive director of UBC Media Group plc

(2) R.S. Silverstone died on 16 July 2006

(3) Resigned as a non-executive director on 22 March 2006. No benefits were provided for under the terms of N.E. Edmonds' engagement as a non-executive director of the Company in the period to 22 March 2006

(4) Resigned as a non-executive director on 29 July 2005

(5) Resigned as a non-executive director on 26 May 2005

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UBC MEDIA GROUP PLC

We have audited the group and parent company financial statements (the "financial statements") of UBC Media Group plc for the year ended 31 March 2007 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chief Executive's Review and Financial Review that is cross referred from the Business Review section of the Directors' Report.

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

We read the other information contained in the Annual Report as described in the contents section, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement and the Chief Executive's Review and Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 March 2007 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

25 June 2007

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 March

	Notes	2007 £'000	2006 £'000
Turnover (including share of joint ventures)	2	17,664	19,484
Less: Share of turnover of joint ventures		(36)	(49)
Group turnover	2	17,628	19,435
Cost of sales		(12,961)	(14,352)
Gross profit		4,667	5,083
Administrative expenses before digital licence costs, development costs, goodwill amortisation and impairment of fixed asset investment		(3,570)	(3,519)
Digital licence costs		(1,001)	(1,145)
Costs associated with development of music downloading		(511)	(70)
Goodwill amortisation		(543)	(542)
Impairment of fixed asset investment		(306)	-
Total administrative expenses		(5,931)	(5,276)
Operating loss	3	(1,264)	(193)
Share of operating loss in joint ventures	13	(638)	(522)
Total operating loss: Group and share of joint ventures		(1,902)	(715)
Exceptional non-operating items	4	112	363
Interest receivable	5	105	119
Interest payable	6	-	(1)
Loss on ordinary activities before taxation		(1,685)	(234)
Tax credit/(charge)	9	28	(10)
Loss on ordinary activities after taxation		(1,657)	(244)
Equity minority interest		112	117
Retained loss for the financial year	19	(1,545)	(127)
Loss per share			
Basic pence	10	(0.83)	(0.07)
Diluted pence	10	(0.83)	(0.07)

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

for the year ended 31 March

	2007 £'000	2006 £'000
(Loss)/profit for the financial year		
Group	(907)	395
Joint ventures	(638)	(522)
Retained loss for the financial year	(1,545)	(127)
Release of merger reserve	-	670
Total recognised (losses) and gains for the year	(1,545)	543

All activities relate to continuing operations.

CONSOLIDATED BALANCE SHEET

as at 31 March

Group	Notes	2007 £'000	2006 £'000
Fixed assets			
Goodwill and intangible assets	11	3,788	3,220
Fixed asset investments	13	-	306
Tangible assets	12	272	189
		4,060	3,715
Current assets			
Work in progress		45	36
Debtors	14	5,314	3,459
Cash at bank and in hand		1,933	4,677
		7,292	8,172
Creditors: amounts falling due within one year	15	(3,729)	(5,529)
Net current assets		3,563	2,643
Total assets less current liabilities		7,623	6,358
Creditors: amounts falling due after more than one year	16	(337)	(337)
Provisions for liabilities	13, 17	(28)	(78)
Net assets		7,258	5,943
Capital and reserves			
Called up share capital	18	1,927	1,748
Shares to be issued	19	-	494
Share premium account	19	18,676	15,389
Other reserves	19	(801)	(801)
Profit and loss account	19	(11,940)	(10,395)
Shareholders' funds	22	7,862	6,435
Equity minority interest		(604)	(492)
Capital employed		7,258	5,943

COMPANY BALANCE SHEET

as at 31 March

	Notes	2007 £'000	2006 Restated £'000
Fixed asset investments	13	2,446	2,446
Current assets			
Debtors			
– due after more than one year	14	1,197	1,197
– due within one year	14	13,410	9,863
		14,607	11,060
Cash at bank and in hand		1,070	1,431
		15,677	12,491
Creditors: amounts falling due within one year	15	(11)	(12)
Net current assets		15,666	12,479
Total assets less current liabilities		18,112	14,925
Net assets		18,112	14,925
Capital and reserves			
Called up share capital	18	1,927	1,748
Shares to be issued	19	–	494
Share premium account	19	18,676	15,389
Profit and loss account	19	(2,491)	(2,706)
Shareholders' funds		18,112	14,925

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 25 June 2007 and were signed on its behalf by:



J.H. Donald
Director



S.A. Cole
Director

CONSOLIDATED CASH FLOW STATEMENT

year ended 31 March

	Notes	2007 £'000	2006 £'000
Net cash (outflow)/inflow from operating activities	20	(3,159)	1,312
Returns on investments and servicing of finance			
Interest received		105	119
Interest paid		–	(1)
Net cash inflow from returns on investment and servicing of finance		105	118
Taxation			
UK Corporation tax received		3	8
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(237)	(136)
Purchase of intangible fixed assets		(1,111)	(326)
Sale of tangible fixed assets		–	11
Loans to joint ventures		(642)	(511)
Net cash outflow from capital expenditure and financial investment		(1,990)	(962)
Acquisitions and disposals			
Purchase of subsidiary undertakings		(741)	(399)
Sale of subsidiary undertakings		–	932
Sale of interest in joint venture	13	66	–
Net overdrafts disposed with subsidiary undertakings		–	39
Net cash (outflow)/inflow from acquisitions and disposals		(675)	572
Net cash (outflow)/inflow before financing		(5,716)	1,048
Financing			
Issue of ordinary share capital		3,031	96
(Expense)/refund of share issue		(59)	35
Net cash flow from financing		2,972	131
(Decrease)/increase in cash in the year	21	(2,744)	1,179
Cash balances at the beginning of the year		4,677	3,498
Cash balances at the end of the year		1,933	4,677
Represented by			
Cash and bank balances		1,933	4,677

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2007

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable law and accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied throughout the current and prior year except as noted, is set out below.

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 2006 and 2007. Intra-group sales and profits are eliminated on consolidation.

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

Company profit and loss

As permitted by Section 230 of the Companies Act of 1985, a separate profit and loss account is not presented for UBC Media Group plc.

The Company profit after tax for the year amounted to £215,000 (2006: loss £141,000).

The auditors remuneration for audit services to the Company amounted to £7,000 (2006: £6,000) and for non-audit services amounted to £3,000 (2006: £3,000).

Details of executive and non-executive directors' emoluments and their interest in shares and options of the Company are shown within the directors' remuneration report.

Turnover

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

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

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired. Goodwill 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 carrying value of the goodwill is assessed annually and any impairment in value is charged to the profit and loss account.

Goodwill in relation to the Classic Gold service is amortised over the life of the underlying licences. The carrying value of the goodwill is assessed annually and any impairment in value is charged to the profit and loss account.

Intangible assets

Intangible assets, primarily licences, 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.

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment.

Tangible 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	33 $\frac{1}{3}$
Office equipment	20

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

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

The Group selects its depreciation rates carefully and reviews them at least annually 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 are assessed annually and any impairment in value is charged to the profit and loss account.

Work in progress

Programmes in production are stated at the lower of cost and net realisable value and included in work in progress. Production cost is written off fully on delivery of content. Expenditure relating to programmes that have been commissioned for production is carried forward at cost.

Development costs

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the Group is expected to benefit. Provision is made for any impairment.

Taxation

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

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

Pension scheme

The Group operates a money purchase pension scheme. The contributions are accounted for as they fall due. Difference between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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 £59,000 (2006: £35,000 credit) 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 TURNOVER

	2007 £'000	2006 £'000
Geographical analysis by destination		
United Kingdom	17,087	19,311
Europe	34	30
Rest of the World	507	94
	17,628	19,435
Joint ventures		
United Kingdom	36	49
	17,664	19,484

The Group operates two business divisions: Broadcast and Digital. The directors consider that both divisions form one business segment, "radio and radio-related services". All activities are carried out in the United Kingdom from continuing operations.

3 OPERATING LOSS

	2007 £'000	2006 £'000
Operating loss is stated after charging/(crediting):		
Staff costs (Note 7)	3,567	3,680
Amortisation of intangible assets	12	11
Amortisation of goodwill	531	531
Impairment of fixed asset investment (Note 13)	306	–
Research and development costs*	511	70
Loss/(profit) on disposal of fixed assets	8	(6)
Depreciation of tangible fixed assets		
– owned assets	146	125
National Insurance expense on future exercise of share options	(17)	(6)
Operating lease charges		
– plant and machinery	3	2
– other	1,202	1,093

*Research and development costs represent £511,000 of costs associated with the development of music downloading. Included in these costs is an allocation of the salaries of the Chief Executive and the Managing Director, Digital Division together with certain data licence fees.

A detailed analysis of auditors' remuneration charged to operating loss is provided below:

	2007 £'000	2006 £'000
Audit fees		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	7	6
The audit of the Company's subsidiaries pursuant to legislation	73	64
Total audit fees	80	70
Non-audit fees:		
– Tax services	22	18
– Other services	24	3
Total non-audit fees	46	21
Total fees paid to the Company's auditors	126	91

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

4 EXCEPTIONAL NON-OPERATING ITEMS

	2007 £'000	2006 £'000
Profit on sale of holding in subsidiary undertaking	–	629
Profit on sale of joint venture	112	–
Amount written off investment	–	(266)
	112	363

In July 2006, the Group received cash proceeds of £66,000 from the sale of its 28.05% shareholding in the digital radio station The Digital News Network Limited disposing £46,000 of liabilities.

5 INTEREST RECEIVABLE

	2007 £'000	2006 £'000
Bank interest	105	119
	105	119

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £'000	2006 £'000
Interest on bank overdraft	–	1
	–	1

7 EMPLOYEE INFORMATION

The average weekly number of persons employed by the Group during the year, including executive directors, was 90 (2006: 86).

Staff numbers	2007	2006
Management and administration	26	16
Production, editorial and sales	64	70
	90	86
	2007 £'000	2006 £'000
Wages and salaries	3,168	3,272
Social security costs	356	358
Pension costs	43	50
	3,567	3,680

8 DIRECTORS' EMOLUMENTS

	2007 £'000	2006 £'000
Aggregate emoluments (excluding pensions)	632	698
Gains made on exercise of share options	104	709
Company contributions to money purchase pension scheme	15	14

Retirement benefits are accruing to 4 directors (year ended 2006: 5) under a money purchase pension scheme

Emoluments payable to the highest paid director are as follows:

Aggregate emoluments	151	169
Company contributions to money purchase pension scheme	4	4

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

9 TAXATION

	2007 £'000	2006 £'000
United Kingdom Corporation tax at 30% (2006: 30%)		
Current	–	10
Prior years	(28)	–
Tax (credit)/charge	(28)	10

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

	2007 £'000	2006 £'000
Loss on ordinary activities before tax	(1,685)	(234)
Tax on above loss at standard UK Corporation tax rate of 30% (2006: 30%). Effects of:		
Non-taxable capital disposal	(33)	(183)
Adjustments to tax in respect of prior years	(28)	–
Deferred tax asset not provided in respect of losses and capital allowances	643	195
Expenses not deducted for tax purposes	(104)	74
Difference in tax rate	–	(6)
	(28)	10

10 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.

FRS 14 requires presentation of diluted EPS when a company could be called upon to issue shares that would decrease net loss per share. For a loss-making company with outstanding share options, net loss per share would only be increased by the exercise of out-of-the-money options. Since it seems inappropriate to assume that option holders would act irrationally, no adjustment has been made to diluted EPS for out-of-the-money share options.

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

	2007 Loss £'000	2007 Weighted average number of shares (million)	per share amount (pence)	2006 Loss £'000	2006 Weighted average number of shares (million)	per share amount (pence)
Basic EPS						
Loss attributable to shareholders	(1,545)	(186)	(0.83)	(127)	173	(0.07)

11 GOODWILL AND INTANGIBLE ASSETS

Group	Intangible assets £'000	Capitalised development costs £'000	Goodwill £'000	Total £'000
Cost				
At 1 April 2006	995	326	8,206	9,527
Additions	–	1,111	–	1,111
Disposals	(800)	–	–	(800)
At 31 March 2007	195	1,437	8,206	9,838
Amortisation				
At 1 April 2006	935	–	5,372	6,307
Charge for year	12	–	531	543
Disposals	(800)	–	–	(800)
At 31 March 2007	147	–	5,903	6,050
Net book value				
At 31 March 2007	48	1,437	2,303	3,788
At 31 March 2006	60	326	2,834	3,220

Development costs have been capitalised in accordance with SSAP 13 "Accounting for research and development" and are therefore not treated as a realised loss. The costs are related to the development of the music downloading service. Production is expected to commence in 2007 from which time the related costs will be written off over the expected useful life of the product.

Fully amortised intangible assets with an original cost of £800,000 have been written off.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2007

12 TANGIBLE ASSETS

Group	Short leasehold refurbishment £'000	Short leasehold building £'000	Computer equipment £'000	Office equipment £'000	Technical equipment £'000	Total £'000
Cost						
At 1 April 2006	63	25	1,024	702	171	1,985
Additions	–	–	62	128	47	237
Disposals	(63)	(25)	(865)	(607)	(96)	(1,656)
At 31 March 2007	–	–	221	223	122	566
Depreciation						
At 1 April 2006	63	25	927	635	146	1,796
Charge for year	–	–	72	42	32	146
Disposals	(63)	(25)	(862)	(602)	(96)	(1,648)
At 31 March 2007	–	–	137	75	82	294
Net book value						
At 31 March 2007	–	–	84	148	40	272
At 31 March 2006	–	–	97	67	25	189

Fully depreciated assets with an original cost of £1,626,000 have been written off.

13 FIXED ASSET INVESTMENTS

Group	2007 £'000	2006 £'000
At 1 April	306	266
Transfer from goodwill and intangible assets	–	306
Impairment	(306)	(266)
At 31 March	–	306

The impairment of £306,000 relates to the write-down of the Oneword Radio Limited investment.

Company	2007 £'000	2006 Restated £'000
At 1 April (as reported)	2,446	2,102
Restatement	–	1,360
at 1 April (restated)	2,446	3,462
Additions in year	–	8
Impairment	–	(330)
Disposals	–	(694)
At 31 March	2,446	2,446

As part of the acquisition of the Smooth Operations trade and assets purchased in August 2004, the Company paid £1,360,000 in UBC Media Group plc shares on behalf of its subsidiary Smooth Operations (Productions) Limited. This amount, which had originally been classified as an amount owed by a Group undertaking, has now been recorded within the Company's fixed asset investments.

Group interest in joint ventures	2007 £'000	2006 £'000
At 1 April		
– Net liabilities	(1,047)	(511)
Additions		
– Net liabilities	–	(14)
Disposal		
– Net liabilities	54	–
Share of losses retained	(638)	(522)
At 31 March		
– Net liabilities	(1,631)	(1,047)
Cash investment in joint ventures	1,603	969
At 31 March	(28)	(78)

Cash investment in joint ventures	2007 £'000	2006 £'000
At 1 April	969	458
Additions	642	511
Disposals	(8)	–
At 31 March	1,603	969

During the year to 31 March 2007 the Group loaned £642,000 (2006: £503,000) to Oneword Radio Limited and £nil (2006: £8,000) to The Digital News Network Limited. The Group disposed of its shareholding in The Digital News Network Limited for a consideration of £66,000.

The operating loss of the joint ventures exceeds 25% of the operating loss of the Group. Under the terms of FRS 9 the following additional disclosure is required:

Group's share of	2007 £'000	2006 £'000
Turnover	36	49
Loss before taxation	(638)	(522)
Taxation	–	–
Loss after taxation	(638)	(522)
Fixed assets	8	11
Current assets	237	132
Liabilities due within one year	(111)	(229)
Liabilities due after more than one year	(1,765)	(961)
Net liabilities	(1,631)	(1,047)
Group's share of operating results	(638)	(522)

A list of principal joint ventures is set out in note 28.

14 DEBTORS

	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 Restated £'000
Due within one year				
Trade debtors	4,676	2,693	–	–
Amounts owed by Group undertakings	–	–	13,410	9,863
Amounts owed by joint ventures	2	23	–	–
Corporation tax	14	–	–	–
Other debtors	18	43	–	–
Prepayments and accrued income	604	700	–	–
	5,314	3,459	13,410	9,863
Due after more than one year				
Amounts owed by Group undertakings	–	–	1,197	1,197
	5,314	3,459	14,607	11,060

Amounts owed by Group undertakings have been restated from £11,223 to £9,863. See Note 13.

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

Company

Debtors due after more than one year for the Company consist of two loan notes owed by a Group undertaking. The first, for £2,042,000 (2006: £2,042,000) is repayable on 30 October 2010. The loan has been stated at a fair value of £550,000 (2006: £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 (2006: £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 (2006: £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.

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Trade creditors	1,360	2,841	–	–
Corporation tax	–	11	–	–
Other taxes and social security	312	234	–	–
Accruals and deferred income	2,057	2,443	11	12
	3,729	5,529	11	12

Included in accruals and deferred income is £nil (2006: £741,000) of deferred consideration pertaining to the acquisition of Smooth Operations (Productions) Limited. This represents the cash consideration payable within the next 12 months.

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Loan notes	337	337	–	–
	337	337	–	–

Full details on the loan notes are provided in note 26. The maturity profile of the Group's financial liabilities at 31 March 2007 is detailed in note 26.

17 PROVISIONS FOR LIABILITIES

Investments in joint ventures

Provisions include share of net liabilities in joint ventures. These are detailed in note 13.

Deferred taxation

A deferred tax asset to losses available for carry forward against future UK taxable profits of £3,587,000 (2006: £2,371,000) and on capital allowances of £321,000 (2006: £257,000) has not been recognised.

Similarly, for the Company, a deferred tax asset for losses available for carry forward against future UK taxable profits of £316,000 (2006: £161,000) has not been recognised.

18 CALLED UP SHARE CAPITAL

Group and Company	2007 £'000	2006 £'000
Authorised:		
200,000,000 ordinary shares of 1p each	2,000	2,000
Allotted, called up and fully paid:		
192,736,212 ordinary shares of 1p each (2006: 174,824,206)	1,927	1,748

Issued share capital

During the year ended 31 March 2007, 17,912,006 new shares were issued.

In June 2006, the Group raised £3 million before expenses through a placing of 15,000,000 new Ordinary Shares at 20p per share. The shares were placed with existing and new institutional investors and certain directors. Professional fees of £59,000 were incurred as a part of the placing.

On 3 October 2006, the Group issued 2,439,506 new ordinary shares of UBC Media Group plc of 1p each at a price of 20.25p as consideration for the second tranche of the deferred acquisition of Smooth Operations (Productions) Limited.

During the year, employees exercised 472,500 share options at an exercise price of 6.4p.

Share options

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

	2007 Options	Weighted average exercise price	2006 Options	Weighted average exercise price
Outstanding at beginning of period	12,479,519	23.0p	15,601,394	19.0p
Granted during the period	–	–	–	–
Forfeited during the period	275,000	32.5p	25,000	31.0p
Exercised during the period	472,500	6.4p	3,096,875	3.1p
Outstanding at end of period	11,732,019	23.4p	12,479,519	23.0p
Exercisable at end of period	8,537,264	25.8p	9,684,764	25.1p

The weighted average share price for share options exercised during the period was 6.4p (2006: 3.1p). The options outstanding at 31 March 2007 had a weighted average exercise price of 23.4p (2006: 23p) and a weighted average remaining contract life of 2 years (2006: 3 years). The Group has not recognised a share-based payment charge for the current or previous year.

19 SHARE PREMIUM ACCOUNT AND RESERVES

Group	Shares to be issued £'000	Share premium account £'000	Other reserves £'000	Profit and loss £'000
At 1 April 2006	494	15,389	(801)	(10,395)
Shares to be issued	(494)	–	–	–
Premium on issue of shares	–	3,287	–	–
Retained loss for the year	–	–	–	(1,545)
At 31 March 2007	–	18,676	(801)	(11,940)

£494,000 of shares to be issued refers to the ordinary shares of UBC Media Group plc which were issued in connection with the second tranche of the deferred consideration payable dependent upon the amount of profit before taxation of Smooth Operations (Productions) Limited over the two years to 30 June 2006.

Company	Shares to be issued £'000	Share premium account £'000	Profit & loss £'000
At 1 April 2006	494	15,389	(2,706)
Shares to be issued	(494)	–	–
Premium on issue of shares	–	3,287	–
Retained loss for the year	–	–	215
At 31 March 2007	–	18,676	2,491

20 RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2007 £'000	2006 £'000
Operating loss	(1,264)	(193)
Loss/(profit) on sale of fixed assets	8	(6)
Amortisation of intangible assets	12	11
Amortisation of goodwill	531	531
Impairment of fixed asset investment	306	–
Depreciation of tangible fixed assets	146	125
Increase in work in progress	(9)	–
Increase in debtors	(1,842)	(255)
(Decrease)/increase in creditors	(1,047)	1,099
Net cash (outflow)/inflow from operating activities	(3,159)	1,312

21 RECONCILIATION OF MOVEMENT IN NET FUNDS

	2007 £'000	2006 £'000
(Decrease)/increase in cash in year	(2,744)	1,179
Movement in long-term debt	–	741
Opening net funds	4,340	2,420
	1,596	4,340
Net funds at 31 March	1,596	4,340

	As at 1 April 2006 £'000	Cash flow £'000	As at 31 March 2007 £'000
Analysis of net funds			
Cash in hand and at bank	4,677	(2,744)	1,933
Debt due after one year	(337)	–	(337)
	4,340	(2,744)	1,596

22 RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2007 £'000	2006 £'000
Opening Shareholders' Funds	6,435	6,432
Issue of new shares	179	41
Shares to be issued	(494)	(266)
Share premium	3,287	355
Merger reserve	–	(670)
Other recognised gains relating to the year	–	670
Loss for the financial year	(1,545)	(127)
Closing Shareholders' Funds	7,862	6,435

23 OPERATING LEASE COMMITMENTS

At 31 March 2007 the Group has lease agreements in respect of licence fees, properties, 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 2007			As at 31 March 2006		
	Land and buildings £'000	Other £'000	Total £'000	Land and buildings £'000	Other £'000	Total £'000
Within 1 year	–	–	–	–	–	–
Within 2 to 5 years	139	3	142	131	2	133
After 5 years	–	1,159	1,159	–	1,145	1,145
	139	1,162	1,301	131	1,147	1,278

24 PENSION COMMITMENTS

The assets of the money purchase pension schemes are held in separate trustee-administered funds. The Group made contributions of £43,000 (2006: £50,000) into the money purchase scheme.

25 RELATED PARTY TRANSACTIONS

FRS 8 "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 FRS 8 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 Oneworld Radio Limited £364,000 (2006: £180,000) and The Digital News Network Limited £7,000 (2006: £20,000) for the provision of management, technical and administration services and studio facilities.

For the year to 31 March 2007, the Group loaned £642,000 (2006: £503,000) to Oneworld Radio Limited and £nil (2006: £8,000) to The Digital News Network Limited.

At 31 March 2007 Oneworld Radio has a long-term loan from UBC Media Group plc of £1,145,000 (2006: £503,000) and The Digizone Limited £458,000 (2006: £458,000) on which no interest was charged during the year. All loans have been fully provided as the recoverability of the loans remains in doubt.

Details of balances held with Group companies at the year-end are disclosed in notes 14 and 15.

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

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

Interest rate risk

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. In the past a small amount of temporary funding has been taken through a bank overdraft.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the year ended 31 March 2007

(...Continuation Note 26)

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.

Interest risk profile

Financial assets

The interest rate profile of the Group's financial assets at 31 March 2007 was:

	2007 £'000	2006 £'000
Cash and short-term deposits – floating rate	1,933	4,677
Loans to joint ventures (fully provided)	1,603	969
	3,536	5,646

All of the above are in sterling.

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 and Oneworld Radio Limited.

Financial liabilities

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

	2007 £'000	2006 £'000
Loans	337	337
	337	337

The above are in sterling.

At 31 March 2007, the Loan – floating rate liability comprises one loan note. This was issued by Classic Gold Digital Limited to GCap Media 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.

The Group has undrawn facilities of £2,000,000 at the year ended 31 March 2007.

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 2007 and 31 March 2006.

Maturity of financial liabilities

The loan note of £337,000 issued by Classic Gold Digital Limited to GCap Media plc is to be redeemed or repaid at par on or before 1 October 2011.

27 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 18 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 2007, an amount of £3,000 (2006: £20,000) was accrued based on the year-end share price of 13 pence (2006: 19.50 pence).

28 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

	Ordinary shares held 2007 %	Ordinary shares held 2006 %	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
Smooth Operations (Productions) Limited	100	100	Radio production
Joint Venture of UBC Media Group plc			
The Digital News Network Limited	–	28	Provision of news programmes to digital radio
The Digizone Limited	50	50	Dormant
Joint ventures of The Unique Broadcasting Company Limited			
Oneword Radio Limited	49	49	Radio broadcasting

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

All joint venture 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 2007 using the following accounting periods:

The Digizone Limited	Year ended 31 March 2007
Oneword Radio Limited	Year ended 31 March 2007

29 POST BALANCE SHEET EVENT

In April 2007 UBC Media Group plc announced the sale of the 18 AM and associated digital radio licences that comprise the Classic Gold Digital network to GCap Media plc. The sale is conditional on the receipt of consent from Ofcom. UBC Media Group plc will receive cash proceeds from the sale of £3.95 million.

NOTICES OF ANNUAL GENERAL MEETING

for the year ended 31 March 2007

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the seventh 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 3 August 2007 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 2007.
2. To re-appoint Deloitte & Touche LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be fixed by the directors.
3. To re-elect T.J. Blackmore who retires by rotation pursuant to Article 91 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director.
4. To re-elect K.F. Harrison 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 approve the Directors' Remuneration Report for the year ended 31 March 2007.

Special Business:

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

THAT the directors be and they are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to a maximum nominal amount of £289,104 provided that this authority shall expire fifteen months from the date of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company in 2008, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

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

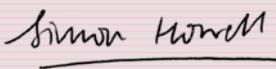
THAT, subject to and conditionally upon the passing of resolution No.6 above, the directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (as defined in section 94 (2) of that Act) for cash pursuant to the authority conferred by that resolution as if section 89 (1) of the said Act did not apply to such allotment, PROVIDED that the power hereby conferred shall be limited:

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

- ii) to the allotment (otherwise than pursuant to the sub-paragraph (i) above) of equity securities up to an aggregate nominal amount of £192,736 being 10% of the issued share capital as shown by the latest published annual accounts of the Company;

and shall expire fifteen months from the date of this resolution or, if earlier, at the conclusion of the Annual General Meeting of the Company in 2008, 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 25 June 2007
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 office of the Registrars 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 close of business on 1 August 2007 shall be entitled to attend or vote at the aforesaid annual general meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

UBC MEDIA GROUP PLC – PROXY FORM 2007

For use by Shareholders at the Annual General Meeting, to be held on 3 August 2007

I/We (name in full) _____

(in BLOCK CAPITALS please) of _____

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

appointed Chairman of the Meeting* or _____

to act as my/our proxy at the Annual General Meeting of the Company to be held on 3 August 2007, and at any adjournment thereof.

*See Note 7

RESOLUTIONS	FOR	AGAINST	VOTE WITHHELD
Ordinary business			
1. To receive the Directors' Report and Accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To re-appoint auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect T.J. Blackmore as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect K.F. Harrison as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To approve the Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Business			
6. To give an allotment authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To disapply pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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.
9. The "Vote Withheld" option is provided to enable you to abstain on any particular resolution however it should be noted that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" and "Against" a resolution.

Dated _____ 2007

Signature _____

1 Fold along this line **first**

3 Fold along this line **third**

BUSINESS REPLY
Licence No RRHB-RSXJ-GKCY



Proxy Processing Centre
Telford Road
Bicester
OX26 4LD

2 Fold along this line **second**

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

Cut along this line



Passion

