One Media Publishing Group Plc

Consolidated Financial Statements

For the year ended 31 October 2008

Company No.5799897

One Media Publishing Group PLC

Company Information

Directors	Michael Anthony Infante JP Nigel Smethers Scott Cohen
Secretary	Nigel Smethers
Registered Office	Office 313/314 Main Administration Building Pinewood Studios Pinewood Road Iver Heath Buckinghamshire SL0 0NH
Corporate Advisors	Dowgate Capital Advisers Limited 46 Worship Street London EC2A 2EA
Solicitors	Marriott Harrison 12 Great James Street London WC1N 3DR
Bankers	Barclays Bank Plc Media centre 27 Soho Square London W1D 3QR
Registrars	Share Registrars Ltd 9 Lion and Lamb Yard Farnham Surrey GU9 7LL
Auditors	Kingston Smith LLP Chartered accountants Devonshire House 60 Goswell Road London EC1M 7AD

One Media Publishing Group PLC

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One Media Publishing Group PLC

Chairman's Statement

For the year ended 31 October 2008

I am pleased to be able to make this my first report to you as interim Chairman of the Group.

Firstly, I would like to thank Paul Evans for his Chairmanship since One Media launched in 2006. We wish Paul continued success with his other business activities which we know to be very demanding on his time. In selecting a new non-executive director, it is our intention to look within the music publishing industry. We are still in a great time of evolution within our industry and, coupled with dramatic shifts in distribution models reported in the press over the last half year, we need to embrace and monetise these changes

Over the last year, the group has made further acquisitions of music catalogues. The most significant additions of music catalogues have been announced on the Plus market news service and are now yielding returns in both the digital and traditional routes to market. Content will continue to be the driver for the Group's activities together with delivering an efficient model of monetising our music assets. As predicted by the Group at flotation, meeting the demands for the emerging digital market is beginning to be centre of the Group's revenue source. One Media was founded to capitalise on this market in 2006 demonstrating foresight that the old model of distribution would alter as time elapsed from the traditional format of CD to the digital file format of the MP3.

Significant changes have been seen in the distribution model for the older formats, highlighted by the collapse of EUK, THE, Pinnacle, Woolworths and Zavvii. Whilst being disturbing to the industry at large, this also brings greater opportunities and a new customer base to digital distribution. Digital revenues now represent 51% of the Group's turnover, an increase from 21% from the year ending 31 October 2007. Our relationships with the many digital stores that we supply is growing with over 2,300 albums now listed and generating income on ITunes, Napster, Amazon, Emusic, Verizon Real Networks and Tesco, to name just a few. Our relationship with The Orchard (NASDAQ), the world's largest digital distributor, goes from strength to strength.

I would like to thank Nigel Smethers and Scott Cohen for their continued support to the company and indeed to all our subsidiary directors both in the UK and in North America. The UK team has made great progress in all aspects of the business and has embraced the technical and marketing requirements needed to drive the business forward. In North America, our directors continue to build relationships with the major players for the longer term growth of the Group's activities.

Review of Activities

Since our last year end report we have increased the head count of the Group to meet the administrative demands and internal marketing activities required to increase communication with our B2B customers. We now have six full time members of staff operating out of Pinewood Studios supporting both UK and North American activities. We maintain a relentless watch on 'overheads' whilst investing for growth in both people and technology. Our 'ingestion team'**,** headed by Philip Miles, has to a great extent written our software themselves thus avoiding costly third party involvement. We have also suspended our outsourced financial PR as share trading markets appear to be less receptive during this time of economic unrest.

Our in-house marketing initiative headed by Claire Bushell has kept shareholders and customers informed via our website www.onemediapublishing.com and via RNS announcements under the regulation of our Corporate Advisers, Dowgate Capital Advisers. Our sales activities headed by Suzie Wrennall continue to grow with sales up 49% on 2007. In addition to the licensing of our music to the traditional CD trade and digital exploitation markets, Suzie has focused on using the Group's music catalogue in TV programmes, Films and advertising campaigns. This has culminated in the several high profile deals including the 'Autotrader' magazine campaign screened on national TV, and in the BBC's production 'Six Wives of Henry VIII'. With a view to enlarging our activities in this sector, the Group has signed a collaborative deal with EMI Music Publishing Ltd. for over 3,000 of One Media's tracks for inclusion in the EMI Music Publishing music library to be made available to its Film, TV and Advertising music buyers.

Financial Overview

The Group achieved a consolidated turnover of £615,667 in the twelve months to 31 October 2008, an increase of 49% on the previous twelve months reflecting the growing success the Group is achieving in building on the digital download business and continued activity in traditional music sales and the licensing markets. As at 31 October 2008, cash balances were £174,573 with shareholders' funds of £974,153.

The loss before tax for the twelve months ended 31 October 2008 was £89,350 (2007: £27,364) after providing £59,300 for bad debts (2007: £21,000), with a basic and fully diluted loss per share of 0.10 pence. The Group is well aware of the likelihood of bad debts occurring in this current economic climate and I remind our shareholders that, as an intellectual copyright provider, we do not manufacture or store physical goods so the recovery of physical product when faced with an unpaid debt does not occur.

Outlook

The Directors continue to be satisfied with the performance of the Group's business to date. Further, whilst digital music and video distribution markets are themselves growing, the Group continues to explore digital content acquisitions under license or by outright purchase.

Recent government initiatives to protect music copyrights further, are welcomed by the Group. Any move by statute to prevent illegal downloads of music files will be of a benefit to our industry that suffers at the hands of music and video pirates. In addition, the Group also supports recent government thinking to reconsider the rules surrounding 'life of copyrights'.

As before the team at One Media is ready to tackle 2009 with enthusiasm and with a desire to succeed in these very difficult market conditions

Again my thanks to all the staff at One Media and to our loyal shareholders.

Michael A Infante
Chairman
23 March 2009

One Media Publishing Group PLC

Directors' Report

For the year ended 31 October 2008

The directors have pleasure in presenting their report and financial statements for the year ended 31 October 2008.

Principal activities
The principal activities of the Group throughout the year were the acquisition and licensing of audio-visual intellectual copyrights and publishing for distribution through the new emerging digital downloading medium and through traditional media outlets. The group is a B2B content supplier to the major downloading music retailers, a traditional music licensor to the record industry and a supplier of music to the film and TV industries. The group continues to believe that the creation of it's own dedicated consumer website is not yet of interest as that is the primary activity of its major customers. The group outsources digital content through The Orchard its strategic partner for downloading services.

Business review and future developments
A detailed review of the business in the year and future developments is given in the Chairman's statement on pages 1 and 2.

Whilst the group focuses on downloading the traditional routes to market are not being ignored. But with the ever changing retail scene being accelerated by the much publicised national and global economic problems there is risk as well as great potential.

The risk of piracy and abuse to copyright are ever present in the music industry. Piracy of music is more prevalent in the pop/chart sectors but with the groups music aimed primarily at a different buying market the risks are less. The last year has seen significant changes in the market for trading music catalogues, making valuations more difficult and increasingly subjective, and with the "credit crunch" restricting the ability to raise additional funds for development capital growth through catalogue acquisition may be restricted. The traditional risk associated with customer insolvency, and inability or unwillingness to pay debts continues to be a threat which the group constantly monitors. This has not however prevented the results for the year being adversely affected by bad debts as reported elsewhere.

The group has continued to enter into representative deals with independent record labels and content owners to market their rights in the digital arena and to invest in copyrights and intellectual property that are considered to attract a suitable and sustainable rate of return.

The key performance indicators the directors use to monitor the perfomance of the group include :
Costs and number of tracks "ingested".
Growth in the customer base and margins achieved on sales activity.
Overhead to turnover growth.
Value and volume of "downloads".
Share price movements and changes in shareholders are constatntly monitored as a major contributor to long term planning.

Directors' liabilty insurance
The Group provides professional indemnity insurance for directors and key staff.

Results and dividend
A loss of £89,350 is reported (2007: £27,364) after providing £59,300 for bad debts (2007: £21,000).

The directors do not recommend the payment of a dividend.

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Directors' Report (continued)

For the year ended 31 October 2008

Directors

The following directors held office during the year :
Michael Anthony Infante JP
Scott Cohen
Nigel Smethers (appointed 8 July 2008)
Paul John Evans (resigned 3 March 2009)
Keith Springall (resigned 8 July 2008)

Directors and their interests
The directors' interests (including family interests) in the shares of the company were as follows :

	Ordinary share of 0.5p each	
	At 31 October 2008 Nos	At 31 October 2007 Nos
Paul John Evans	500,000	500,000
Michael Anthony Infante JP	17,966,737	15,800,000
Keith Springall	-	500,000
Nigel Smethers	-	-
Scott Cohen	-	-

	Warrants in Ordinary shares of 0.5p each	
	At 31 October 2008 at 2p each Nos	At 31 October 2007 at 2p each Nos
Paul John Evans	500,000	500,000
Michael Anthony Infante JP	4,000,000	4,000,000
Keith Springall	500,000	500,000
Nigel Smethers	-	-
Scott Cohen	-	-
	at 1p each Nos	at 1p each Nos
Michael Anthony Infante JP	8,000,000	8,000,000

The warrants expire on 25 September 2009.

Post balance sheet events

A number of music catalogue acquisitions have been made since the year end. The principal changes are detailed in note 24.

One Media Publishing Group PLC

Directors' Report (continued)

For the year ended 31 October 2008

Supplier payment policy
The group's policy is to agree the terms of payment with each supplier when agreeing purchasing terms and to settle each transaction in accordance with those terms. Group trade payables at the year end amounted to 74 days purchases (2007: 48 days)

Financial risk management
The group's policy with regard to financial risk management is disclosed in note 16.

Charitable and political donations
The group made no charitable or political donations during the year (2007:£nil).

Auditors
In accordance with section 385 of the Companies Act 1985 a resolution proposing that Kingston Smith LLP be reappointed as auditors of the company and Group will be put to the Annual General Meeting.

Directors' responsibilities
The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial period which 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 period.

In preparing these financial statements, the directors are required to select suitable accounting policies and then apply them consistently; make judgments and estimates that are reasonable and prudent; and prepare the financial statements on a going concern basis unless it is inappropriate to assume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of 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.

Statement of disclosure to auditors
Each director of the company has confirmed that, in fulfilling their duties as a director, they have:
- taken all necessary steps in order to make themselves aware of any information relevant to the audit and to establish that the auditors are aware of that information: and
- so far as they are aware there is no relevant audit information of which the auditors have not been made aware.

On behalf of the board

Michael Infante
Director
23 March 2009

Independent Auditors' Report
to the Shareholders of One Media Publishing Group PLC

We have audited the group and parent company financial statements of One Media Publishing Group PLC for the year ended 31 October 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of the 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 and the Chairman's Statement is consistent with the financial statements.

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

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This information comprises only the Directors' Report and the Chairman's statement. 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 other information.

Independent Auditors' Report
to the Shareholders of One Media Publishing Group PLC (continued)

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 October 2008 and of the loss of the group 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.

Kingston Smith LLP

23 March 2009

Kingston Smith LLP
Chartered Accountants
Registered Auditors

Devonshire House
60 Goswell Road
London
EC1M 7AD

One Media Publishing Group PLC

Consolidated Profit and Loss account

For the year ended 31 October 2008

	Note	Year ended 31 October 2008 £	Year ended 31 October 2007 £
Turnover - continuing activities	**2**	615,677	412,507
Cost of sales		(274,732)	(127,267)
Gross profit		340,945	285,240
Administration expenses		(439,041)	(323,208)
Operating (loss)	**3**	(98,096)	(37,968)
Interest payable	**4**	(660)	(2,519)
Interest receivable	**4**	9,406	13,123
(Loss) on ordinary activities before taxation		**(89,350)**	**(27,364)**
Taxation	**5**	**-**	**-**
(Loss) for the year	**18**	**(89,350)**	**(27,364)**
Basic and fully diluted (loss) per share	**8**	**(0.10)p**	**(0.03)p**

The profit and loss account has been prepared on the basis that all operations are continuing activities.

There are no recognised gains or losses other than the loss for the financial year.

The total figures for continuing activities for the year ended 31October 2007 included the following amounts in relation to acquisitions :

Turnover £124,591: Cost of sales of £13,106; Administrative expenses £53,478: and interest receivable £83.

One Media Publishing Group PLC

Consolidated Balance Sheet at 31 October 2008

	Notes		2008		2007
		£	£	£	£
Fixed assets					
Intangible assets	9		692,086		585,339
Tangible assets	10		27,124		11,159
			719,210		596,498
Current assets					
Debtors	12	278,921		177,454	
Cash at bank and in hand		174,573		408,812	
		453,494		586,266	
Creditors : amounts falling due within one year	13	(193,859)		(119,261)	
Net current assets			259,635		467,005
Total assets less current liabilities			978,845		1,063,503
Creditors : amounts falling due greater than one year	14		(4,692)		-
Total assets less current liabilities			974,153		1,063,503
Net assets			**974,153**		**1,063,503**
Capital and reserves					
Called up share capital	17		456,857		456,857
Share premium account	18		663,000		663,000
Profit and loss account	18		(145,704)		(56,354)
Shareholders' funds	20		**974,153**		**1,063,503**

These financial statements were approved by the board of directors on 23 March 2009 and signed on their behalf by:

M Infante
Director

One Media Publishing Group PLC

Company Balance Sheet at 31 October 2008

	Notes		2008		2007
		£	£	£	£
Fixed assets					
Investments	11		493,817		482,547
Current assets					
Debtors	12	203,576		180,793	
Cash at bank and in hand		185,933		373,495	
		389,509		554,288	
Creditors : amounts falling due within one year	13	(26,168)		(46,266)	
Net current assets			363,341		508,022
Total assets less current liabilities			857,158		990,569
Net assets			**857,158**		**990,569**
Capital and reserves					
Called up share capital	17		456,857		456,857
Share premium account	19		663,000		663,000
Profit and loss account	19		(262,699)		(129,288)
Shareholders' funds	20		**857,158**		**990,569**

These financial statements were approved by the board of directors on 23 March 2009 and signed on their behalf by:

M Infante
Director

One Media Publishing Group PLC

Consolidated Cash Flow Statement

For the year ended 31 October 2008

	Note	Year ended 31 October 2008		Year ended 31 October 2007	
		£	£	£	£
Net cash outflow from operating activities	**1**		**(66,027)**		**(71,808)**
Return on investments and servicing of finance					
Interest received		9,406		13,123	
Interest paid		(660)		(2,519)	
			8,746		10,604
Capital expenditure and financial investments					
Investments in licenses		(150,596)		(114,838)	
Investment in fixed assets		(15,092)		(7,103)	
Sale of motor vehicle		-		3,000	
			(165,688)		(118,941)
Acquisition	**3**				
Acquisition of subsidiary		(11,270)		(366,552)	
Cash acquired with subsidiary		-		1,800	
			(11,270)		(364,752)
Financing					
Issue of ordinary shares			-		344,760
(Decrease) in cash			(234,239)		(200,137)
Cash at the beginning of the year			408,812		608,949
Cash at the end of the year			**174,573**		**408,812**

One Media Publishing Group PLC

Note to the Consolidated Cash Flow Statement

For the year ended 31 October 2008

		Year ended 31 October 2008 £	Year ended 31 October 2007 £
1	**Reconciliation of operating loss to net cash outflow from operating activities**		
	Operating (loss)	(98,096)	(37,968)
	Depreciation and amortisation	62,965	37,368
	Loss on sale of motor vehicle	-	1,025
	(Increase) in debtors	(101,467)	(83,252)
	Increase in creditors	70,571	11,019
	Net cash outflow from operating activities	**(66,027)**	**(71,808)**

2 Analysis of net debt

	At 31 October 2007 £	Cash flows £	Other non-cash changes £	At 31 October 2008 £
Net cash :				
Cash at bank and in hand	408,812	(234,239)	-	174,573
Debt :				
Hire purchase liabilities				
Debt falling due within one year	-	1,239	(9,958)	(8,719)
Net Debt	**408,812**	**(233,000)**	**(9,958)**	**165,854**

		Year ended 31 October 2008 £
3	**Reconciliation of net cash flow to movement in debt**	
	Decrease in cash in year	(234,239)
	Cash inflow from increase in hire purchase	1,239
		(233,000)
	New hire purchase facility	(9,958)
	Movement in net debt in year	(242,958)
	Opening net debt	408,812
	Closing net debt	165,854

4 Acquisition of subsidiary

During the year a further £11,270 was spent in finalising the acquisition of the subsidiary acquired in the year ended 31 October 2007. There were no adjustments to the net assets acquired as a result of this further expenditure.

One Media Publishing Group PLC

Notes to the Consolidated Financial Statements

For the year ended 31 October 2008

1 Accounting policies

Accounting basis and standards
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation
The consolidated accounts incorporate the accounts of the company and all of its subsidiary undertakings. Where subsidiaries are acquired or sold during the year the group profit and loss account includes the results for the part of the year for which they were subsidiaries. The company has taken advantage of section 230 of the Companies Act 1985 and consequently the profit and loss account of the parent company is not presented as part of these accounts. All subsidiaries are consolidated using the acquisition method.

Turnover

Turnover represents the value of goods and digital income generated in the accounting period and is recognised either when goods are delivered and title passed or, in the case of digital income, when reported to the company. Turnover excludes VAT. Estimates of revenue are based on the extent the group has performed its contractual obligations.

Goodwill
Goodwill is determined by comparing the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets, and is written off over its economic life estimated at 20 years.

Licences
Licences are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal amounts over the life of the licences (between 26 months and 20 years).

Tangible fixed assets and depreciation
Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes an estimate of expense incurred in developing software systems with an ongoing value to the group. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows :

Furniture and fixtures	33.33% straight line
Office equipment	33.33% straight line

Investment in subsidiary
Investment in subsidiary undertakings is shown at cost, less any provision for impairment.

1 Accounting policies (continued)

Deferred taxation

Deferred taxation is provided for on a full provision basis on all timing differences which have arisen but not reversed at the balance sheet date. No timing differences are recognised in respect of (i) property revaluation surpluses where there is no commitment to sell the asset; (ii) gains on sale of assets where those assets have been rolled over into replacement assets; and (iii) additional tax which would arise if profits of overseas subsidiaries are distributed except where otherwise required by accounting standards. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognised have not been discounted.

Foreign currency

Transactions in foreign currency are recorded at the rate of exchange on the date the transaction occurs. Monetary assets and liabilities denominated in foreign currency are reported at the rate of exchange ruling on the balance sheet date.

Hire purchase

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the capital repayments outstanding.

Leases

Rentals payable under operating leases are charged against revenue on a straight line basis over the lease term.

One Media Publishing Group PLC

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 October 2008

2 Turnover

Turnover is the amount attributable to the group's principal activity undertaken in the United Kingdom.
The geographic split of group sales is as follows :

	Year ended 31 October 2008 £	Year ended 31 October 2007 £
United Kingdom	131,173	151,744
North America and Canada	332,063	106,983
Europe	144,764	144,238
Other	7,677	9,542
	615,677	412,507

3 Operating loss

	Year ended 31 October 2008 £	Year ended 31 October 2007 £
Operating loss is stated after charging :		
Directors' remuneration	72,187	42,565
Amortisation of goodwill	23,385	17,009
Amortisation of licences	31,734	17,902
Depreciation of fixed assets	7,846	2,457
Operating lease - office rent	22,498	15,475
Auditors' remuneration - audit fees	15,000	15,375
Auditors' remuneration - taxation	3,000	1,500
Bad debts	59,300	21,000

4 Interest receivable and payable

	Year ended 31 October 2008 £	Year ended 31 October 2007 £
Bank interest payable	660	488
Interest payable to a related party	-	2,031
	660	2,519
Bank interest received	9,406	13,123

5 Taxation

	Year ended 31 October 2008	Year ended 31 October 2007
	£	£
Analysis of charge for the year		
Current tax		
UK corporation tax at 28% (2007: 30%)	-	-

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2007: 30%). The actual tax charge for the current year is less than the standard rate for the reasons set out in the following reconciliation :

Reconciliation of current tax charge	Year ended 31 October 2008	Year ended 31 October 2007
	£	£
(Loss) on ordinary activities before tax	(89,350)	(27,364)
Tax on loss on ordinary activities at 28% (2007: 30%)	(25,018)	(8,209)
Effects of unrelieved tax losses	25,018	8,209
	-	-

The group has estimated losses of £167,700 (2007 £85,800) available for carry forward against future trading profits.

No deferred taxation asset has been provided in respect of the losses carried forward as their future recoverability is not certain.

6 Employee information

Staff costs, including directors' remuneration, were as follows :	Year ended 31 October 2008	Year ended 31 October 2007
	£	£
Directors' emoluments	42,780	19,296
Fees paid to directors	29,407	23,269
Wages and salaries	157,206	80,000
Social security costs	12,656	7,899
	242,049	130,464

6 Employee information (continued)

The average monthly number of group employees (including executive and non-executive directors) during the year was as follows :

	Year ended 31 October 2008	Year ended 31 October 2007
Office and management	8	4

7 Parent company profit and loss account

The loss for the year to 31 October 2008 dealt within in the financial statements of the parent company was £133,411 (2007: £105,602). As permitted by section 230 of the Companies Act 1985, no separate profit and loss account is prepared for the parent company.

8 Loss per share

The calculation of the loss per share is based on the loss for the financial period of £89,350 (2007 : £27,364) divided by the weighted average number of shares in issue 91,371,339 (2007 : 78,678,114). The diluted loss per share is identical to that used for the basic loss per share as the exercise of options would have the effect of reducing the loss per share and therefore is not dilutive under Financial Reporting Standard 22 "Earnings per share".

9 Intangible assets - group

	Goodwill	Licences	Total
	£	£	£
Cost			
At 1 November 2007	435,394	189,787	625,181
Additions	11,270	150,596	161,866
At 31 October 2008	446,664	340,383	787,047
Amortisation			
At 1 November 2007	17,205	22,637	39,842
Charge for the year	23,385	31,734	55,119
At 31 October 2008	40,590	54,371	94,961
Net book value			
At 31 October 2008	406,074	286,012	692,086
At 1 November 2007	418,189	167,150	585,339

		Office equipment £	Furniture and fittings £	Total £
10	**Tangible assets - group**			
	Cost			
	At 1 November 2007	10,683	3,546	14,229
	Additions	22,123	1,688	23,811
	At 31 October 2008	32,806	5,234	38,040
	Depreciation			
	At 1 November 2007	1,624	1,446	3,070
	Charge for the year	6,384	1,462	7,846
	At 31 October 2008	8,008	2,908	10,916
	Net book value			
	At 31 October 2008	24,798	2,326	27,124
	At 1 November 2007	9,059	2,100	11,159

Hire purchase agreements

Included within the net book value of £27,124 is £8,576 (2007: £nil) relating to assets held under hire purchase agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £1,383 (2007: £nil).

		Total £
11	**Investment in subsidiaries**	
	Cost	
	At 1 November 2007	482,547
	Additions	11,270
	At 31 October 2008	493,817

Company	Country of registration or incorporation	Class	Shares held %
One Media Publishing Limited	England and Wales	Ordinary	100%
Collecting Records LLP	England and Wales		100%
One Media Publishing Inc.	Canada	Ordinary	100%

The company's investment at the balance sheet date is 100% of the share capital of the unlisted company One Media Publishing Limited, the unlisted company One Media Publishing Inc. and the Limited Liability Partnership Collecting Records LLP.

12 Debtors

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Amounts : owed by group undertakings	-	-	186,910	168,948
Trade debtors	160,257	48,461	-	-
Other debtors	107,519	116,550	16,666	11,845
Prepayments	11,145	12,443	-	-
	278,921	177,454	203,576	180,793

13 Creditors : amounts falling due within one year

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Amounts : owed to group undertakings	-	-	-	9,214
Trade creditors	55,819	20,457	16,550	6,446
Social security and other taxes	10,736	8,407	-	-
Accruals	18,708	59,096	9,618	14,611
Other creditors	104,569	31,301	-	15,995
Lease and hire purchase	4,027	-	-	-
	193,859	119,261	26,168	46,266

14 Creditors : amounts falling due greater than one year

	Group 2008 £	Group 2007 £	Company 2008 £	Company 2007 £
Lease and hire purchase	4,692	-	-	-
	4,692	-	-	-

15 Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows :

	Group 2008	Group 2007 £	Company 2008	Company 2007 £
Amounts payable within 1 year	4,027	-	-	-
Amounts payable between 1 and 2 years	4,027	-	-	-
Amounts payable between 3 and 5 years	665	-	-	-
	8,719	-	-	-

16 Financial instruments

The group's financial instruments comprise some cash and liquid resources and various items, such as trade debtors, trade creditors etc. which directly arise from its operations. The main purpose of these financial instruments is to provide finance for its operations. Trade and other short term debtors and creditors are not discussed further in this note.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk and foreign exchange risk. The policies for managing each of these risks, adopted during the period of the report, are summarised below. These policies have remained unchanged throughout the period covered by the report.

Interest rate risk

The group finances its operations through the cash derived from its issue of equity shares. It did not enter into any interest rate derivatives transactions to manage interest rate risk.

Liquidity risk

As regards liquidity, the group's policy has been to retain cash surpluses not required for day to day operations in interest bearing deposit accounts.

Foreign currency risk

The group operates in the UK but receives substantial portions of its income in foreign currency. Material exchange rate risks in such sales contracts will be covered as appropriate. The group had no forward currency contracts in the period.

Interest rate risk profile of financial assets and financial liabilities :

Financial assets

The group had no financial assets, excluding short term debtors, other than cash deposits, which are held as part of the group's financial arrangements. Cash deposits are held in short term or overnight deposit accounts.

Maturity of financial liabilities

The maturity profile of the group's financial liabilities at 31 October 2008 was as follows:

	2008	2007
	£	£
In one year or less on demand	193,859	119,261
Greater than one year	4,692	-
	198,551	119,261

17	**Share capital**	**2008**	**2007**
	Group and company	**£**	**£**
	Authorised :		
	200,000,000 ordinary shares of 0.5p each	1,000,000	1,000,000
	Issued :		
	91,371,399 (2007 : 91,371,339) ordinary shares of 0.5p each	456,857	456,857

At 31 October 2008 the following warrants were outstanding :

Year of grant	**Nos of shares**	**Period of subscription**	**Price per share**
2006	10,000,000	3 years	1p
2006	6,000,000	3 years	2p
	16,000,000		

No warrants were exercised during the period.

18	**Reserves**	**Share premium account**	**Profit and loss account**	**Total**
	Group	**£**	**£**	**£**
	Balance at 1 November 2007	663,000	(56,354)	606,646
	Retained (loss) for the year	-	(89,350)	(89,350)
	Balance at 31 October 2008	663,000	(145,704)	517,296

19 Reserves

	Share premium account £	Profit and loss account £	Total £
Company			
Balance at 1 November 2007	663,000	(129,288)	533,712
Retained (loss) for the year	-	(133,411)	(133,411)
Balance at 31 October 2008	663,000	(262,699)	400,301

20 Reconciliation of movements in shareholders' funds

	Group £	Company £
(Loss) for the year	(89,350)	(133,411)
Opening shareholders' funds	1,063,503	990,569
	974,153	857,158

21 Pension scheme

The group does not operate or contribute into any pension schemes from the assets of the company.

22 Financial commitments

At 31 October 2008 the group was committed to making the following payments under non-cancellable operating leases in the year to 31 October 2009 :

			Land and buildings	
	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Operating leases which expire :				
Within one year	22,070	-	13,700	-
Within two to five years	-	-	-	-

23 Related party transactions

The company has taken advantage of the exemption in FRS8 Related Party transactions in respect of disclosure of transactions with group companies.

24 Post balance sheet events

On 4 February 2009 the group announced the signing of three new digital music catalogues with various owners. All the tracks will be distributed by the group's digital partner The Orchard.

(i) For an initial term of ten years, the group has acquired the rights on a royalty sharing basis for the exclusive worldwide digital distribution of over 1,200 hours of classical music tracks. Known as the Red Note catalogue, it includes some of the world's best known classics by various composers, including Tchaikovsky, Beethoven, Schubert and Mendelssohn to name just four out of the 100 composers included in the deal.

(ii) In a separate and contrasting deal and for an initial consideration of £10,000, plus an onward royalty, the group has acquired the license rights for over 60 live music tracks performed by: The Sex Pistols, Lou Reed, Paul Weller, T.REX, Iggy Pop and other New Wave music from the 1970's.

(iii) Finally, for an initial consideration of £6,000 plus an onward royalty, the group has acquired a further 1,000 tracks of World Music, Folk Songs and Show Musicals.

On 24th February 2009 the group announced a further significant licensing deal with EMI Music Publishing Ltd.

For an initial term of one year, automatically renewing thereinafter, One Media has made available to EMI its catalogue of rights that are both published by EMI and others. Over 15% of the master rights owned or controlled by One Media are published by EMI. These tracks, plus thousands of others not published by EMI will be marketed via EMI's network of offices worldwide. The deal, which is based on a royalty sharing basis will offer greater visibility to One Media's audio library to the many 'music synchronization buyers' that regularly license music for film, TV, and advertising purposes via the EMI model.