One Media Publishing Group PLC

Annual Report & Accounts

For the year ended 31 October 2011

Company No. 05799897

One Media Publishing Group PLC

Company Information

Directors	Michael Anthony Infante JP Nigel Smethers Scott Cohen Roman Poplawski (appointed 1 November 2010)	
Secretary	Nigel Smethers	
Registered Office	West Props Building Goldfinger Avenue Pinewood Studios Pinewood Road Iver Heath Buckinghamshire SL0 0NH	
Corporate Advisors	Hybridan LLP Warnford Court 29 Throgmorton Street London EC2N 2AT	
Solicitors	Hamlins LLP Roxburgha House 273-287 Regent Street London W1B 2AD	Marriott Harrison Staple Court 11 Staple Inn Buildings London WC1V 7QH
Bankers	Barclays Bank Plc Soho Square Leicester Leceistershire LE87 2BB	
Registrars	Share Registrars Ltd 9 Lion and Lamb Yard Farnham Surrey GU9 7LL	
Auditors	James Cowper LLP 3 Wesley Gate Queen's Road Reading, Berkshire RG1 4AP	

One Media Publishing Group PLC

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Executive Chairman's Statement
For the year ended 31 October 2011

Financial Overview

We have been busy, in what can only be described as an evolutionary time for the music industry. We are pleased to announce a very positive list of achievements core to our business activities. We continue to be profitable and debt free. During the year we acquired over fifteen new music catalogues, with more than 20,000 tracks of music contained within, and our first movie catalogue of some 3000 hours of audio-visual content.

On the 17th November 2010, we reported that the Share buy-back at 0.458 pence of 52.43% (47,909,291 shares) of the Group's ordinary shares had been finally completed and cancelled. The Group instigated this after an audit of its shareholder base after the collapse of the distressed broker Square Mile Securities.

On the 1st February 2011, the Group announced that it had appointed Hybridan LLP as its new Plus Corporate Adviser.

On the 24th June 2011, we announced a maiden interim dividend which will now be the Group's future intention, at appropriate times, to enhance and reward shareholders.

We have achieved all of this whilst increasing turnover to £1,662,516. This is a year on year increase of 14.3% on the equivalent figure of £1,454,320 for 2010. Pre-tax profits are reported at £330,810; up by 32.5% on the £249,731 reported for 2010.

Review of Activities

During the past year the Group acquired a significant number of catalogues. These acquisitions demonstrate the Group's ability to work within the cash resources it has to hand and to monetise often-redundant content catalogues. None of the acquisitions mentioned below come with “income” and generally the benefits to the Group will be felt in the following 12 to 15 months after acquisition as we market all the recordings.

On the 3rd November 2010, the Group acquired over 120 recordings performed by various artists such as Englebert Humperdinck, Dionne Warwick, The Righteous Brothers, Roger Whittaker, Andy Williams, and Barry White.

On the 26th November 2010, we acquired a further 3000 tracks of Film, TV and Karaoke Music themes of which some were due to be recorded during the financial year to ensure the group had the latest in Karaoke tunes. The nature of this deal is to provide the Group with a new library of music covering popular themes, which perform well within the `digital' and `music synchronisation' markets.

On the 30th November 2010, the Group revisited a deal it had entered on a royalty sharing basis in January 2010 with Legend World Music and bought out their (LGM) share of royalty bearing monies for total consideration of USD$44,000. The digital exploitation deal includes the rights to some very early Marvin Gaye, Doobie Brothers, Saxon, Donnie & Marie Osmond, Billy Preston and early sessions of Bee Gees which are amongst the 3,500 tracks included in this deal and has already produced enhanced profit for the Group.

On the 22nd February 2011, we announced that a deal had been completed with British singing diva Anita Harris. Over 90 songs performed by her, from over the last 40 years, were acquired together with an agreement to record a series of children’s (pre-school) pantomime stories for digital use. The initial series of children’s stories were recorded and released in December 2011.

On the 7th March 2011, the board announced that it had approved a share option scheme to its senior management and long serving employees. This further demonstrates how committed the Group is to its small dedicated team and to offer them a chance to participate in the rewards of the Groups future growth.

On the 1th April 2011, and not because it was April Fools Day, the Group announced a recording contract with the comedy club chain, Jongleurs. Jongleurs are to record performances from its ‘live stand up’ for digital distribution making many hundreds of hours of `stand up' comedy available via digital stores.

Review of Activities continued

On the 6th April 2011, the Group entered into a licensing arrangement with the owners of GUT, Gusto, Jet Star and Collins Classic's music catalogues. With over 8000 recordings from various artists performing within the catalogue including; Jimmy Somerville, Rick Wakeman, Space (featuring eight chart hits including `Female of the Species'), Tears for Fears, Tony Christie, including the hit `Is this the way to Amarillo', Booker T & the MGs, The Egg (Walking Away), Thelma Houston, Gregory Isaacs, Prince Buster (Al Capone) Fat Boy Slim, Groove Armada Wyclef Jean, Barry Biggs, Wildhearts, Shaun The Sheep, The Flaming Lips, and David Morales (Grammy winning house music DJ and producer). There are classical performances from The London Philharmonic Orchestra, conducted by Sir Alexander Gibson, Yuri Simonovand Carl Davis conducting the Munich Symphony Orchestra, and Andrey Zaboronok conducting The Bolshoi Theatre Children's Choir.

On the 11th April 2011, we announced the acquisition of a classical catalogue containing many recordings by the Royal Philharmonic Orchestra. The performances, many of which are conducted by André Previn, Yehudi Menuhin, Charles Groves, Carl Davis and other great conductors, feature classical music composed by Tchaikovsky, Marler, Berlioz and Elgar. Performances of Tchaikovsky's Symphony No 5 in E Minor, Mahler's 5th Symphony, Tippett's A Child of Our Time and Berlioz Symphonie Fantastique, Pomp and Circumstance and Jerusalem are just a few of the performances acquired.

On the 20th April 2011, the Group launched The Dave Cash Collection featuring over 1000 digital albums compiled from the One Media music library. The Group exclusively retained the services of Dave Cash, the 60's `Pirate Radio London' D.J. and pioneer of BBC's Radio 1. `The Dave Cash Collection' features hits and rarities from the Groups catalogue from over the last six decades, coinciding with Dave's career as a legendary broadcaster.

On the 13th May 2011, I was awarded the PLUS-SX Chairman/CEO of the year award. I was delighted to accept the award of this coveted accolade. This award recognises the fantastic achievements made by the One Media team over the last year, which I have the honour of leading and I am grateful to all those who have worked so hard in driving One Media forwards.

On the 1st of June 2011, we acquired a spoken word version of the Bible. Over 300 hours of both the New and Old Testaments have been made available through all digital stores that list spoken word products. At the time I said that I didn't expect One Media to `be spreading the word' but the Bible remains in written form a world best seller.

On the 2nd of June 2011, we announced our participation with the `Amazon Create a Disc' system. Initially, over 4500 albums from the One Media catalogue have been made available to this service, which allows customers to both download a digital file of an album and to request a physical compact disc version to be sent to them in the post. The service, which was pioneered in the USA, will first be offered in Germany and may well be extended to other territories as Amazon expands this service. One Media has not historically supplied physical versions of its music content to date and welcomed this initiative by Amazon to supply compact discs of its digital albums via its new service. Notably, no stock is held as albums are burned on demand.

On the 15th July 2011, we concluded an exclusive distribution deal for the music of British heavy metal legends 'Samson'. Over 200 recordings have been made available, some of them never previously released. Many of the recordings we assumed lost in time or in archives. Liberating 'niche' music collections remains a group criteria.

On the 12th September 2011, the big news sweeping Europe was about Music Term Extension. We welcomed the EU Committee's recommendation to extend copyright terms from fifty to seventy years. The recommendation will extend all of One Media's copyrights by up to 40 per cent, and follows a campaign by record companies and artists to change terms so that they are 'on par' with those in the USA. The change is one that will benefit us tremendously, together with the performing artists who have long strived for an extension to copyright terms. It's a significant milestone in the music industry and an encouraging sign that a level playing field is being created.

On the 13th September 2011, the Group renewed its first music contract that was signed originally in 2006. Initially for five years the deal between the Group and Rainbow Media was re-signed for a further ten years. On historic and current trading values the catalogue is expected to generate in excess of USD$200,000 in digital revenues throughout the extended term.

On the 28th September 2011, we announced that we had acquired over 990 films and music documentaries. With over 3000 hours of film footage featuring documentaries with Elvis, The Beatles, Bob Marley, and David Bowie to Frank Sinatra, The Osmonds and James Brown. The specialist interest library features rare footage from the Titanic, Marilyn Monroe and behind the scenes from vintage Dr. Who episodes. When One Media started in 2006 we had just 2,500 music tracks - we now have in excess of 120,000 generating income. We are now committed to Movie titles to meet the requirements of the expanding number of digital stores and distributors, such as You-Tube, Satellite Broadcast and Internet Ready TV stations.

Review of Activities continued

On the 30th September 2011, we acquired the music content from the Arrow Rock catalogue, which contains 120 tracks by nostalgic bands such as, Flock of Seagulls, The Gap Band, Steve Gibbons, Atomic Rooster, Mott the Hoople, Gary US Bonds, Michael Zager Band, Commander Cody, Stevie Ray Vaughan, The Guess Who and Gary Pucket and Union Gap. In addition and on the same day we acquired the Recollections Catalogue, which contains 200 New Age (Ambient Moods) music tracks of a contemporary `Chill Style' and 'Anti Stress' collection which have become popular for home use or for professional therapeutic purposes.

Outlook

We continue to be a purely B2B music supplier to over 200 digital music stores throughout the world with iTunes, Amazon and Spotify being the leading retailers in this sectors. The digital download market for music remains a growth sector despite piracy and other challenges facing the industry. The Group reiterates its "founder principles" of not having its own digital store in favour of supplying its copyrights to the many hundreds of established international download stores. Over the last 6 years the Group has licensed, from time to time, its copyrights to various record labels for the purpose of allowing them to manufacture and sell compact discs. This activity, as predicted at the time the Group was established, has slowed and the Group now considers itself to be a purely digital content company. Our staff head count remains small at nine personnel (excluding directors).

The Group noted with interest, on 12th September 2011, the big news sweeping Europe about Music Term Extension. We welcomed the EU Committee's recommendation to extend copyright terms from fifty to seventy years. The recommendation, will extend all of One Media's copyrights by up to 40 per cent, and follows a campaign by record companies and artists to change terms so that they are 'on par' with those in the USA. The change is one that will benefit the Group tremendously, together with the performing artists who have long strived for an extension to copyright terms. It's a significant milestone in the music industry and an encouraging sign that a level playing field is being created.

The directors continue to be satisfied with the performance of the Group's business to date. We are confident that as we acquire more music catalogues there will be continued growth in our downloading business. Our intention is to continue our successful policy of acquiring further digital rights within the mainstream of easy listening and/or nostalgia music, which has been your Group's main source of revenue. We continue to be a corporate member of the BPI ("British Phonographic Industry"). We both followed through on our intentions of last year by introducing an "Employee Share Option Scheme" and announcing our maiden dividend.

I would like to thank the One Media team for all their hard work and that of our professional advisers. And lastly my thanks to my co-directors for all of their valuable contributions and dedication. We look forward to 2012.

Michael A Infante

Executive Chairman

1st March 2012

One Media Publishing Group PLC
Report of the Directors
For the year ended 31 October 2011

The director's present their annual report together with the audited consolidated statements of the Group for the year ended 31 October 2011.

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 its own dedicated consumer website is not yet of interest as that is the primary activity of its major customers. The Group outsources the supply of its digital content to the downloading market 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 Executive Chairman's statement on pages 1 to 3.

Whilst the Group focus is primarily on downloading traditional routes to market are not being ignored. Changes in the retail sector are accelerating and there remains both national and global economic problems. The directors consider there is still substantial potential whilst recognising that risks exist.

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 results of the Group are shown within the financial statements. The directors feel it is inappropriate to recommend the payment of a final dividend.

The key performance indicators the directors use to monitor the performance of the Group is as follows:

Aims and objectives

Cost of catalogue acquisition and number of tracks "ingested".
Management are continually searching to acquire new music catalogues to exploit through the digital downloading medium and other traditional routes to market. The cost of catalogue acquisition "ingestion" are constantly monitored to ensure that a safe and adequate return on investment is made.

Rate of commercialisation of licenses and intellectual property
Measured by the growth in value and volume of digital downloads, sales contracts and license deals signed. Progress assessment includes regular updates on key partners and market segments.

Overhead growth
Management closely monitors the growth in overheads, carefully balancing the need to reward people properly based on both performance and external market factors. Where a step change in overheads is predicted this must be justified in both financial and strategic terms.

Share price movements and changes in shareholders are constantly monitored as a major contributor to long term planning.
The board constantly reviews share price movements both for the impact of Regulated News Service announcements and trading in shares on the PLUS market. This indicator is a major contributor to medium and long term decisions.

Management of capital
The Group has no external financing and is not therefore currently subject to any external constraints on its management of working capital. Dividend policy is determined by the availability of profit and reserves from which to pay dividends, the Groups policy and cost of acquiring additional music catalogues and the desire to reward shareholders for their investment in the Group.

Financial reporting
Financial reporting is monitored on a monthly basis against budgets and forecasts by both the main board and the board of the principal operating subsidiary. Profit and Loss and Cash Flow projections are updated as significant changes to performance and operating conditions occur.

Business risks

Piracy

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 Group's music aimed primarily at a different buying market the risks are less.

Valuations of catalogue acquisitions

With significant changes in the market for trading music catalogues valuations have become difficult and increasingly more subjective.

Bad Debts

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.

Digital route to market

The digital market place has its own challenges with a reliance on consumers becoming internet literate and all homes achieving a decent broadband connection. One Media is a Business to Business supplier. We have no downloading site of our own but supply all of the 450 plus legitimate digital stores worldwide through our key business partner. We are not dependent on any one store's marketing strengths as we supply our content to all.

Reliance on one route to market for downloading services

The Group outsources the supply of its digital content to the downloading market through The Orchard its strategic partner for downloading services.

Protection of licenses and intellectual property

The Group seeks to protect its licenses by a well structured and controlled process of drafting, reviewing and approving. where the acquisition of a license is considered to be significant independant legal advice and guidance is sought. However, the Group faces the risk that others may seek to infringe certain aspects of our intellectual property. Defence of claims may prove unsuccessful and expensive. In addition, the Group might face challenges to the use of intellectual property that others might claim belongs to them. The consequences of this would be either a complete withdrawal, a "take down", of the offending property and/or serious and costly delays in proving rights to exploit the disputed intellectual property.

Dependence on a small team of senior employees and staff

As a small technology driven company we are dependent on the skills and loyalty of a small number of highly skilled employees. To protect this position we constantly monitor the competitive nature of our salary and rewards package, look to share warrant packages and regularly involve them through management meetings to add "buy in" to our corporate objectives.

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents. The Group has various other financial instruments such as trade receivables and trade payables, which arise from its operations.

The Group is exposed to a variety of financial risks which result from its operating activities. The directors are responsible for co-ordinating the Group's risk management and focus on actively securing the Group's short and medium term cash flows. Long term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant risks to which the Group is exposed are described below:

Credit risk

The Group's credit risk is primarily attributable to its trade receivables and other debtors. The amounts presented in the Consolidated Statement of Financial Position are net of any allowances for doubtful receivables. The Group has a significant concentration of credit risk associated with its distributor of "digital downloads".

Liquidity risk

The Group seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash and assets safely and profitably. Short term flexibility is achieved by the use of money markets to deposit excess cash which is not required in the short term. The directors prepare cash flow forecasts on a regular basis to identify at an early stage any short term funding difficulties.

Currency risk

The Group is exposed to foreign exchange risk in connection with its digital downloading business where the revenue is transacted largely in USD $ and the settlement of royalty and other liabilities arising from this revenue is largely denominated in USD $.

One Media Publishing Group PLC
Report of the Directors
For the year ended 31 October 2011

Directors
The following directors held office during the year :
Michael Anthony Infante JP
Scott Cohen
Nigel Smethers
R Poplawski (appointed 1 November 2010)

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 2011	**At 31 October 2010**
	Nos	**Nos**
Michael Anthony Infante JP	18,044,737	18,044,737
Nigel Smethers	785,000	385,000
Scott Cohen	-	-
R Poplawski	2,276,727	276,727

	Warrants in Ordinary shares of 0.5p each	
	At 31 October 2011	**At 31 October 2010**
	at 2p each	**at 2p each**
	Nos	**Nos**
Michael Anthony Infante JP	4,000,000	4,000,000
Nigel Smethers	500,000	500,000
Scott Cohen	500,000	500,000
R Poplawski	500,000	-
	at 1p each	**at 1p each**
	Nos	**Nos**
Michael Anthony Infante JP	8,000,000	8,000,000

The warrants expire on 18 September 2012 except that for R Poplawski which expire on 6 March 2014.

	Share Options in Ordinary shares of 0.5p each	
	at 2.75p each	
	Nos	
Michael Anthony Infante JP	500,000	-
Nigel Smethers	500,000	-
Scott Cohen	500,000	-
R Poplawski	500,000	-

The options are exerciseable at 0.275p per share.

Employee involvement
The Group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Group. This is achieved through regular formal and informal updates and open access between all employees of the Group.

Disabled employees
Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their aptitudes and abilities. In the event of an employee becoming disabled, every effort will be made to retain them in order that their employment within the Group may continue. It is the policy of the Group that training, career development and promotion opportunities are available to all employees.

Technology
The Group takes a progressive view on the impact of technological developments. Changes to technology and related systems are openly embraced with the aim of giving the Group the most up to date platforms to work on and exploit its assets.

Payment to suppliers
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 represents 53 days purchases of the relevant expenses (2010: 47 days).

Directors' responsibilities
The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and estimates that are reasonable and prudent ;
- state whether IFRS as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements ;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and 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 2006. 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 auditor
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.

Auditors
James Cowper LLP have expressed their willingness to continue in office. A resolution to re-appoint James Cowper LLP in accordance with section 489 of the Companies Act 2006 will be proposed at the Annual General Meeting.

On behalf of the board

Michael A Infante
Director
1st March 2012

One Media Publishing Group PLC
Report of the Directors
For the year ended 31 October 2011

Corporate Governance

Directors
The Group supports the concept of an effective board leading and controlling the Group, supported by a Management Team responsible for the operating subsidiaries. The board is responsible for approving Group policy and strategy. It meets formally, at least quarterly, with regular face to face weekly contact maintained between most members as well as the dissemination of information using the most up to date electronic communication methods. All directors have access to independent professional advice at the Group's expense.

Relation with shareholders
The Group values the views of its shareholders and recognises their interest in the Group's performance and strategy. Regular updates on performance and significant events are provided through the PLUS market platform using the medium of the Regulated News Service.

The Annual General Meeting is used to communicate with private investors and they are encouraged to participate. The directors are available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

Internal control
The board is responsible for maintaining a strong system of internal control of safeguarding shareholders' investment and the Group's assets and for reviewing effectiveness. The system of internal financial control is designed to provide reasonable but not absolute statement against material misstatement or loss.

In addition to the traditional financial internal controls the Group seeks to protect our licenses by a well structured and controlled process of drafting, reviewing and approving. This process applies to both the purchase of our music rights and the distribution of our products to all our customers.

Due to the relatively small size of the Group no independent Audit Committee has been appointed. At least one non-exceutive director meets with the auditors at both the audit planning stage and for the final audit meeting. This situation is constantly monitored by the independent directors who will advice when they consider the Group has reached a size when an Audit Committee is necessary.

Report on Remuneration

Directors' remuneration
The board recognises that Directors' remuneration is of legitimate concern to shareholders. The Group operates within a competitive environment where performance depends on the individual contributions of the directors and employees and the Group believes in rewarding vision and innovation.

Policy on Executive Directors' remuneration
A separate remuneration committee has been established comprising the Finance Director, N Smethers, and the Non-Executive Directors S Cohen and R Poplawski. There are no specific performance conditions with any bonus or additional payments made at the discretion of the board following the recommendation of the remuneration committee.

Remuneration of the directors for the year ended 31 October 2011 is as follows :

	Fees and Emoluments Year ended 31 October 2011	Fees and Emoluments Year ended 31 October 2010
	£	£
Michael Anthony Infante JP	98,055	68,391
Nigel Smethers	30,665	18,000
Scott Cohen	5,665	3,467
R Poplawski	20,665	-
	155,050	89,858

Bonuses and Performance Conditions
Included in the Fees and Emoluments for Michael Anthony Infante JP is a £15,000 bonus (2010: £10,000), Health Insurance of £2,390 (2010: £3,391) and attributable share option cost of £665 (2010: £nil). Fees and Emoluments for Nigel Smethers includes a £5,000 bonus (2010: £nil) and attributable share option cost of £665 (2010: £nil). In addition to his role as non-executive director R Poplawski also acts as Business Affairs Advisor providing advise on legal and contractual matters. R Poplawski's Fees and Emoulments includes £15,000 (2010 : £nil) in relation to this role and £665 attributable to share option costs. S Cohen receives £5,000 (2010: £3,467) for his role as non-executive director and £665 (2010: £nil) attributable to share option costs.

Directors contracts include no specific performance criteria but implicit within their terms of their engagements is that at all times they will seek to enhance shareholder value.

Notice periods
The directors have contracts which are terminable on twelve months notice on either side for Michael Infante and three months on either side for all the other directors.

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

We have audited the Group and parent Company financial statements (the "financial statements") of One Media Publishing Group plc for the year ended 31 October 2011, which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the statement of Financial Position, the statement of Cash Flows and the related notes set out on pages 11 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditor's 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 the directors and auditors

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/UKP.cfm

Unqualified opinion on financial statements

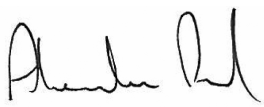
In our opinion the financial statements:
- give a true and fair view of the state of the Group's and parent Company's affairs as at 31 October 2011 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with IFRS adopted for use in the European Union ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Executive Chairman's Statement and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion :
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mr Alexander Peal (Senior Statutory Auditor) 1st March 2012

for and on behalf of
James Cowper LLP

Chartered Accountants and Statutory Auditor
3 Wesley Gate
Queen's Road
Reading, Berkshire
RG1 4AP

One Media Publishing Group PLC

Registered Number : 05799897

Consolidated Statement of Comprehensive Income

For the year ended 31 October 2011

	Note	Year ended 31 October 2011 £	Restated Year ended 31 October 2010 £
Revenue	**1**	1,662,516	1,454,320
Cost of sales		(747,862)	(693,616)
Gross profit		914,654	760,704
Administration expenses		(583,809)	(514,908)
Operating profit	**2**	330,845	245,796
Finance cost	**3**	(198)	(596)
Finance income	**3**	163	4,532
Profit on ordinary activities before taxation		330,810	249,732
Taxation	**4**	(79,995)	(66,653)
Profit for period attributable to equity shareholders		250,815	183,079
Basic profit per share	**7**	**0.49p**	**0.20p**
Diluted profit per share		**0.35p**	**0.17p**

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

The accompanying principal accounting policies and notes form part of these financial statements.

One Media Publishing Group PLC
Registered Number : 05799897
Consolidated Statement of Changes in Equity
For the year ended 31 October 2011

	Share capital	Share redemption reserve	Share premium	Share option reserve	Retained earnings	Total equity
	£	£	£	£	£	£
At 1 November 2009	456,857	-	663,000	-	(79,863)	1,039,994
Transactions with owners	-	-	-	-	-	-
Profit for the year	-	-	-	-	183,079	183,079
At 1 November 2010	456,857	-	663,000	-	103,216	1,223,073
Share buy back	(239,546)	239,546	(23,897)	-	(219,500)	(243,397)
Proceeds from the issue of new shares	832	-	4,168		-	5,000
Share Option Charge	-	-	-	4,791	-	4,791
Profit for the year	-	-	-	-	250,815	250,815
Dividends	-	-	-	-	(14,994)	(14,994)
At 31 October 2011	**218,143**	**239,546**	**643,271**	**4,791**	**119,537**	**1,225,288**

Transactions with owners

Pursuant to a General Meeting held on 17 December 2010 the Company bought back 47,909,291 Ordinary Shares of 0.5p each, amounting to 52.43% of the total issued share capital of the company for £219,500. The nominal value of Ordinary Shares bought back of £239,546, has been recorded in the Share redemption reserve. The costs associated with this transaction, amounting to £23,897, have been set off against the Share premium account and the amount paid to buy back the shares amountint to £215,000, set against Retained earnings.

In addition to the above on 19 September 2011, 166,650 Ordinary Shares of 0.5p each were issued at 3p per share in part settlement of a Music Video catalogue with a total value of £15,000.

One Media Publishing Group PLC

Registered Number : 05799897

Consolidated Statement of Financial Position at 31 October 2011

	Notes	2011	2010
		£	£
Assets			
Non-current assets			
Intangible assets	**8**	897,005	786,604
Property, plant and equipment	**9**	31,699	25,903
		928,704	812,507
Current assets			
Trade and other receivables	**11**	303,533	459,337
Cash and cash equivalents	**12**	409,770	629,382
Total current assets		713,303	1,088,719
Total assets		**1,642,007**	**1,901,226**
Liabilities			
Current liabilities			
Trade and other payables	**13**	416,719	678,153
Total current and non current liabilities		416,719	678,153
Equity			
Called up share capital	**14**	218,143	456,857
Share redemption reserve	**15**	239,546	-
Share premium account	**15**	643,271	663,000
Share option reserve	**15**	4,791	-
Retained earnings	**15**	119,537	103,216
Total equity		**1,225,288**	**1,223,073**
Total equity and liabilities		**1,642,007**	**1,901,226**

The notes on pages 16 to 29 form part of these financial statements.

The consolidated financial statements were approved by the directors on 1st March 2012 and signed on their behalf by :

M A Infante
Director

The accompanying principal accounting policies and notes form part of these financial statements.

One Media Publishing Group PLC
Registered Number : 05799897
Company Statement of Financial Position at 31 October 2011

	Notes	2011	2010
Assets		£	£
Non-current assets			
Investments	10	493,817	493,817
Current assets			
Trade and other receivables	11	758,346	267,220
Cash and cash equivalents	12	139,562	610,853
Total current assets		897,908	878,073
Total assets		**1,391,725**	**1,371,890**
Liabilities			
Current liabilities			
Trade and other payables	13	26,642	19,583
Total current and non current liabilities		26,642	19,583
Equity			
Called up share capital	14	218,143	456,857
Share redemption reserve	15	239,546	-
Share premium account	15	643,271	663,000
Share option reserve	15	4,791	-
Retained earnings	15	259,332	232,450
Total equity		**1,365,083**	**1,352,307**
Total equity and liabilities		**1,391,725**	**1,371,890**

The notes on pages 13 to 29 form part of these financial statements.

These financial statements were approved by the directors on 1st March 2012 and signed on their behalf by :

M A Infante
Director

One Media Publishing Group PLC

Registered Number : 05799897

Consolidated and Company Cash Flow Statement

For the year ended 31 October 2011

	Year ended		Year ended	
	31 October 2011 Group	31 October 2010 Group	31 October 2011 Company	31 October 2010 Company
	£	£	£	£
Cash flows from operating activities				
Operating Profit before tax	330,810	249,732	261,376	423,754
Amortisation	75,436	79,749	-	-
Depreciation	19,075	18,166	-	-
Share based payments	4,791	-	4,791	-
Finance cost	198	596	-	-
Finance income	(163)	(4,532)	-	-
Decrease/(increase) in debtors	155,804	(147,450)	(491,126)	(7,810)
(Decrease)/increase in creditors	(276,781)	373,389	7,059	5,706
Net cash inflow from operating activities	309,170	569,650	(217,900)	421,650
Cash flows from investing activities				
Investments in copyrights	(185,837)	(138,589)	-	-
Investment in fixed assets	(24,871)	(14,116)	-	-
Finance cost	(198)	(596)	-	-
Finance income	163	4,532	-	-
Corporation tax paid	(64,648)	(1,676)	-	-
Net cash used in investing activities	(275,391)	(150,445)	-	-
Cash flow from financing activities				
Cost of shares bought back	(219,500)	-	(219,500)	-
Share redemption costs	(23,897)	-	(23,897)	-
Proceeds from the issue of new shares	5,000	-	5,000	-
Dividend paid	(14,994)	-	(14,994)	-
Net cash outflow from financing activities	(253,391)	-	(253,391)	-
Net change in cash and cash equivalents	(219,612)	419,205	(471,291)	421,650
Cash at the beginning of the year	629,382	210,177	610,853	189,203
Cash at the end of the year	**409,770**	**629,382**	**139,562**	**610,853**

Basis of preparation
The Company is a limited company incorporated and domiciled in England under the Companies Act 2006. The board has adopted and complied with International Financial Reporting Standards (IFRS's) as adopted by the European Union. The Company's shares are listed on the PLUS market.

There was no restatement of Profit and Loss required following the adoption of International Financial Reporting Standards.

On the adoption of International Financial Reporting Standards (IFRS's) the Directors considered the constituent elements of Goodwill previously shown under Intangible assets. In their view, had the acquisition of the related subsidiaries, been transacted under IFRS the amount arising would have been attributed to Licenses and other Intangible assets. This change has been reflected as a reclassification following the adoption of International Financial Reporting Standards.

Basis of consolidation
The Group financial statements consolidate those of the Company and all its subsidiary undertakings drawn up to the balance sheet date. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group obtains and exercises control through voting rights.

Unrealised gains or losses on transactions between the Group and its subsidiaries are eliminated. Amounts reported in the financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Revenue
The Group follows the principles of IAS18 "Revenue" in determining the appropriate revenue recognition policies. In principle therefore, revenue is recognised to the extent that the Group has obtained the right to consideration through its performance.

Revenue, excluding VAT, represents the value of digital income, licenses and goods delivered or title passed. In the case of digital income revenue is recognised when reported to the company and where reasonable estimates can be made of down load stores income still to be reported at any point of time.

During the year the directors have considered the treatment of commission costs and in line with normal accounting practice have decided to present revenue gross received and receivable rather than net. The comparative figures have been restated to reflect this. There is no change to profit before tax or total assets or basic and diluted earnings per share as a result of this change.

Goodwill
Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Any excess in the net fair value of an acquiree's identifiable net assets over the cost of acquisition is recognised immediately after acquisition in the income statement.

Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method of temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in they consolidated financial statements with their respective tax bases. However deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable the reversal will not occurring the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against taxable income. Deferred tax assets and liabilities are calculated without discounting at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Intangible assets

Licenses and other intangible assets

Licenses and other intangible assets, including labour capitalised under IAS38 Intangible Assets, are valued at cost less accumulated amortisation. Capitalised labour represents costs incurred in "ingesting" product and the compilation of existing content into new and revised albums. Amortisation is calculated to write off the cost in equal amounts over the life of the licenses and other intangible assets (between 26 months and 25 years).

Assets acquired as part of a business combination

In accordance with IFRS 3 "Business Combinations", an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. The fair value is then amortised over the economic life of the assets. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the Group of assets is recognised as a single asset separable from goodwill where the individual fair values of the assets in the Group are not reliably measurable. Where the individual fair value of the complimentary assets are reliably measurable, the Group recognises them as a single asset provided the individual assets have similar useful lives.

Impairment, testing of goodwill, other intangible assets, property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an identifiable useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

An impairment loss is recognised in the income statement for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the assets recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of amortisation, if no impairment had been recognised.

Financial assets

The Group's financial assets include cash, shares and other receivables.

All financial assets are recognised when the Group becomes party to the contractual provisions of the investment. All financial assets are initially recognised at fair value, plus transaction costs.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in the income statement when received, regardless of how the related carrying amount of financial assets is measured.

Available for sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in other categories of financial assets. Available for sale assets are measured subsequently at fair value with changes in value recognised in equity through the statement of changes inequity. Where fair value cannot be measured reliably such financial assets are held at cost. Gain or losses arising from investments classified as available for sale are recognised in the income statement when they are sold or when the investment is impaired.

Trade and other receivables are subsequently measured at amortised cost. Trade and other receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits, together with short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value with original maturities of three months or less from the date of acquisition.

Equity

The share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period results as disclosed in the income statement.

Financial liabilities

The Group's financial liabilities include trade and other payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value, net of direct issue costs, and are subsequently recorded at amortised cost using the effective interest method with interest charges recognised as an expense in the income statement.

Dividend distributions to shareholders are included in "other short term financial liabilities" when dividends are approved by the shareholders' before the year end.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reasonably. Timing or the amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. For example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of the settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there a number of similar obligation, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long term provisions are discounted to present values, where the time value of money is material. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provisions, contingent liabilities and contingent assets - continued
In those cases where the possible outflow of economic resource as a result of the present obligation is considered improbable or remote, or the amount to be provided cannot be measured reliably, no liability is recognised in the balance sheet. Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria are considered contingent assets.

Property, plant and equipment
Measurement basis
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. In the case of new internally generated software creation and improvements this includes capitalised labour. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statement during the period in which they are incurred.

When assets are sold any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the income statement

Depreciation
Depreciation is calculated so as to write off the cost of property, plant and equipment, less its estimated residual value, which is revised annually, over its useful economic life as follows :

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

Leased assets
In accordance with IAS17 Leases, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the inception of the lease.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit and loss over the period of the lease. All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

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

Foreign currency
The consolidated financial statements are presented in UK Sterling which is also the functional currency of the parent company. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the profit and loss account.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined.

One Media Publishing Group PLC
Principal Accounting Policies
For the year ended 31 October 2011

Segmental reporting
A segment is a distinguishable component of the Group that is engaged either in a particular business (business segment) or conducting business in a particular geographic area (geographic segment), which is subject to risks and rewards that are different from other segments.

The Group reporting structure does not distinguish any separate business or geographic business sections. As a consequence no additional segmental reporting is considered necessary to that shown on the Statement of Comprehensive Income and notes to these financial statements.

Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are discussed below.

Business combinations
On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position at their fair values. In measuring fair value management use estimates about future cash flows and discount rates, however, the results may vary. Any measurement changes upon initial recognition would affect the measurement of goodwill.

Impairment of assets
The Group conducts impairment reviews of assets when events or changes in circumstances indicate that the carrying amounts may not be recoverable annually, or in accordance with the relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is higher than the greater of its net selling price or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are made in respect of the potential impairment of goodwill, intellectual property, licenses and other intangible assets.

Internally generated intangible assets and software systems

The Group capitalises labour in respect of intangible assets and internally generated software . Significant judgement is required in estimating the time and cost involved in these activities and distinguishing the research from the development phase. Development costs are recognised as an asset whereas research costs are expensed as incurred.

Adoption of new or amended IFRS's
(a) The Company has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the year beginning 1 November 2010.

- IAS 24 – Related Party Disclosures (Amendment)
- Improvements to IFRSs (May 2010)

The directors have assessed that the adoption of these revisions and amendments did not have an impact on the financial position or performance of the Company.

Adoption of new or amended IFRS's - continued
(b) At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied were in issue but not yet effective:-

- IFRS 9 Financial Instruments 1 January 2013
- IFRS 11 Joint Arrangements 1 January 2013
- IFRS 10 Consolidated Financial Statements 1 January 2013
- IFRS 12 Disclosure of Interests in Other Entities 1 January 2013
- IFRS 13 Fair Value Measurement 1 January 2013
- IAS 19 Employee Benefits (Amendment) 1 January 2013
- IAS 27 Separate Financial Statements 1 January 2013
- IAS 28 Investments in Associate and Joint Ventures 1 January 2013

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.

One Media Publishing Group PLC
Notes to the Consolidated Financial Statements
For the year ended 31 October 2011

1. Revenue

Revenue is the amount attributable to the Group's principal activity undertaken in the United Kingdom. The geographic split of Group revenue is as follows :

	Year ended 31 October 2011 £	Year ended 31 October 2010 £
United Kingdom	63,302	101,640
North America and Canada	1,562,527	1,294,110
Europe	36,687	49,814
Other	-	8,756
	1,662,516	1,454,320

2. Profit before taxation	Year ended 31 October 2011 £	Year ended 31 October 2010 £
Operating profit is stated after charging :		
Directors' remuneration	155,050	89,858
Amortisation of copyrights	75,436	79,749
Depreciation of fixed assets	19,075	18,166
Operating lease - office rent	30,143	24,075
Auditors' remuneration - audit fees	10,000	7,850
Auditors' remuneration - taxation	2,000	1,900
Auditors' remuneration - other	1,600	3,525
Bad debts	674	12,553
Difference on foreign exchange	(41,385)	10,792

Included with the amounts above for auditors remuneration is £4,000 (2010: £3,250) in relation to the audit of the Parent Company and £500 (2010; £500) for taxation.

3. Interest receivable and payable	Year ended 31 October 2011 £	Year ended 31 October 2010 £
Finance cost	198	596
Finance income	163	4,532

4. Taxation	**Year ended 31 October 2011 £**	**Year ended 31 October 2010 £**
Analysis of charge for the year		
Prior year adjustment	(2,005)	-
Current tax	82,000	66,653
UK corporation tax	79,995	66,653

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 26% (2008: 28%). 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 2011 £**	**Year ended 31 October 2010 £**
Profit on ordinary activities before tax	330,810	249,732
Tax on Profit on ordinary activities at 26.83% (2010: 29.75%)	88,748	74,295
Effects of :		
Non deductable expenses	6,365	5,676
Marginal relief	(6,690)	-
Adjustments to tax charge in respect of previous periods	(2,005)	-
Capital allowances in excess of depreciation	(1,507)	906
Utilisation of tax losses	(4,336)	(14,225)
Other	(580)	-
Current tax charge	79,995	66,653

The group has estimated losses of £16.317 (2010; £43,400) 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. Were deferred taxation on losses to be recognised the amount would be £4,242 (2010: £12,900.)

5. Employee information	**Year ended 31 October 2011**	**Year ended 31 October 2010**
Staff costs, including directors' remuneration, were as follows :	**£**	**£**
Directors' emoluments - excluding applicable share option charge	127,390	86,391
Fees paid to directors	25,000	3,467
Share option charge	4,791	-
Wages and salaries	257,583	234,179
Social security costs	37,365	31,593
	452,129	355,630

Included within Fees paid to directors is £20,000 (2010: £nil) in respect of legal services provided by Mr R Poplawski in his role as Business Affairs Advisor to One Media Publishing Ltd.

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

	Year ended 31 October 2011	**Year ended 31 October 2010**
Office and management	11	9

6. Parent company profit and loss account

The profit for the year to 31 October 2011 dealt within in the financial statements of the parent company was £261,376 (2010: £423,754). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is prepared for the parent company.

7. Profit per share

The calculation of the profit per share is based on the profit for the financial period of £250,815 (2010 : £183,079) divided by the weighted average number of shares in issue 51,474,705 (2010 : 91,371,339). The diluted profit per share after the exercise of warrants and share options is a weighted average number of shares of 72,208,038 (2010 : 109,371,339).

8. Intangible assets - Group	**Licenses and other intangible assets**	**Total**
	£	**£**
Cost		
At 1 November 2009	889,245	889,245
Additions	138,589	138,589
At 31 October 2010	1,027,834	1,027,834
Additions	185,837	185,837
At 31 October 2011	1,213,671	1,213,671
Amortisation		
At 1 November 2009	161,481	161,481
Charge for the year	79,749	79,749
At 31 October 2010	241,230	241,230
Charge for the year	75,436	75,436
At 31 October 2011	316,666	316,666
Net book value		
At 31 October 2011	897,005	897,005
At 31 October 2010	786,604	786,604

In the year ended 31 October 2010, upon the adoption of International Financial Reporting Standards (IFRS), the Directors considered the constituent elements of Goodwill previously shown under Intangible assets. In their view, had the acquisition of the related subsidiaries, been transacted under IFRS the amount arising would have been attributed to Licenses and other Intangible assets. This change has been reflected as a reclassification following the adoption of IFRS.

9. Property, plant and equipment - Group	Office equipment £	Furniture and fittings £	Total £
Cost			
At 1 November 2009	49,727	5,234	54,961
Additions	4,877	9,239	14,116
At 31 October 2010	54,604	14,473	69,077
Additions	23,276	1,595	24,871
At 31 October 2011	77,880	16,068	93,948
Depreciation			
At 1 November 2009	20,355	4,653	25,008
Charge for the year	16,557	1,609	18,166
At 31 October 2010	36,912	6,262	43,174
Charge for the year	15,736	3,339	19,075
At 31 October 2011	52,648	9,601	62,249
Net book value			
At 31 October 2011	25,232	6,467	31,699
At 31 October 2010	17,692	8,211	25,903

All depreciation is included in administrative expenses in the Consolidated Statement of Comprehensive Income.

Leased assets
Included within the net book value of £31,699 is £nil (2010: £1,936) 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 £nil (2010: £3,320).

10. Investment in subsidiary	Total £
Cost	
At 1 November 2010 and 31 October 2011	493,817

Company	Country of registration or incorporation	Nature of business	Class	Shares held %
One Media Publishing Limited	England and Wales	Audio-visual content management	Ordinary	100%
Collecting Records LLP	England and Wales	Audio-visual content management		99%

The Company's investment at the balance sheet date is 100% of the share capital of the unlisted Company One Media Publishing Limited and 99% of the Limited Liability Partnership Collecting Records LLP. The other 1% of the Limited Liability Partnership Collecting Records LLP is held by One Media Publishing Limited.

All the above activities are included in the consolidated financial statements.

Debtors	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Amounts owed by group undertakings	-	-	754,696	238,185
Trade receivables	39,258	187,585	-	-
Other debtors	253,242	260,763	3,650	29,035
Prepayments	11,033	10,989	-	-
	303,533	459,337	758,346	267,220

Trade and other receivables are usually due within 30 to 60 days and do not bear any effective interest. A provision of £59,853 was made for doubtful debts at 31 October 2011 (2010 : £67,398). The movement in the provision for impairment during the year is as follows :

	£
At 1 November 2009	55,363
Increase in the provision for impairment	12,035
At 31 October 2010	67,398
Increase in the provision for impairment	(7,545)
At 31 October 2011	59,853

12. Cash and cash equivalents	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
GBP £	295,353	616,288	139,562	610,853
USD $	110,100	5,016	-	-
Euro	4,317	8,078	-	-
	409,770	629,382	139,562	610,853

13. Trade and other payables	Group £	Group £	Company £	Company £
Current				
Trade payables	21,634	41,889	992	4,583
Social security and other taxes	9,941	8,717	-	-
Corporation tax	81,942	66,653	-	-
Accruals & deferred Income	53,060	379,880	25,650	15,000
Other creditors	250,142	178,769	-	-
Lease and hire purchase	-	2,245	-	-
	416,719	678,153	26,642	19,583

The fair value of trade and other payables has not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the balance sheet to be a reasonable approximation of their fair value.

13. Trade and other payables - continued

Lease and hire purchase agreements

Future commitments under hire purchase agreements are as follows :

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Amounts payable within 1 year	-	2,245	-	-
	-	2,245	-	-

14. Share capital

Group and Company	2011 £	2010 £
Authorised :		
200,000,000 ordinary shares of 0.5p each	1,000,000	1,000,000
Issued :		
43,628,698 (2010 : 91,371,339) ordinary shares of 0.5p each	218,143	456,857

Pursuant to a General Meeting held on 17 December 2010 the Company bought back 47,909,291 Ordinary Shares of 0.5p each, amounting to 52.43% of the total issued share capital of the company for £219,500. The nominal value of Ordinary Shares bought back of £239,546, has been recorded in the Share redemption reserve. The costs associated with this transaction, amounting to £23,897, have been set off against the Share premium account and the amount paid to buy back the shares amountint to £215,000, set against Retained earnings.

In addition to the above on 19 September 2011 166,650 Ordinary Shares of 0.5p each were issued at 3p per share in part settlement of a Music Video catalogue with a total value of £15,000.

At 31 October 2011 the following warrants were outstanding :

Year of grant	Nos of shares	Period of subscription	Price per share
2009	10,000,000	3 years	1p
2009	2,000,000	3 years	1.5p
2009	6,000,000	3 years	2p
	18,000,000		

No warrants were exercised during the period.

At 31 October 2011, 3,600,000 share options of 2.75p were outstanding. The options were granted on 7 March 2011 when the share price was 2.75p per share. The Fair Value of these options, based on the Black Scholes model, was 4.15p per share based on a risk free interest rate of 5% and a volatility of 40%. The options are exercisable on or before 6th March 2018. A share option charge of £4,791 has been made for the year ended 31 October 2011 (2010 £nil).

15. Company reserves

	Share redemption reserve	Share premium account	Share option reserve	Retained earnings	Total
	£	£	£	£	£
Balance at 1 November 2009		663,000	-	(191,304)	471,696
Retained profit for the year ended 31 October 2010	-	-	-	423,754	423,754
Balance at 31 October 2010	-	663,000	-	232,450	895,450
Share buy back	239,546	(23,897)		(219,500)	(3,851)
Issue of new shares		4,168			4,168
Retained profit for the year ended 31 October 2011	-	-	4,791	261,376	266,167
Dividend paid				(14,994)	(14,994)
Balance at 31 October 2011	239,546	643,271	4,791	259,332	1,146,940

Details of movements in the Groups reserves are shown on page 12, Consolidated Statement of Changes in Equity, and are not repeated here.

16. Dividend per share

A dividend of 0.000345p (2010: nil) per share was declared and paid during the year.

17. Contingent liabilities

There were no contingent liabilities at 31 October 2011 or 31 October 2010.

18. Capital commitments

There were no capital commitments at 31 October 2011 or 31 October 2010.

19. Operating lease commitments

	2011			2010		
	Within one year	1 to 5 years	Total	Within one year	1 to 5 years	Total
Group	£	£	£	£	£	£
Rent	34,548	-	34,548	23,119	23,119	46,238
Vehicles	4,831	3,221	8,052	-	-	-
	39,379	3,221	42,600	23,119	23,119	46,238

The lease for rent is due to expire on 9 July 2012 and for vehicles at the end of June 2013.

20. Financial instruments

The Group uses financial instruments comprising cash and cash equivalents, other loans and various other short-term instruments such as trade receivables and trade payables which arise from its operations. The main purpose of these financial instruments is to fund the Group's business strategy and the short-term working capital requirements of the business.

Financial assets by category

The IAS 39 categories of financial asset included in the Consolidated Statement of Financial Position are as follows :

	Loans and receivables	Non financial assets	2011 Total	Loans and receivables	Non financial assets	2010 Total
	£	£	£	£	£	£
Licenses and other intangible assets	-	897,005	897,005	-	786,604	786,604
Property, plant and equipme	-	31,699	31,699	-	25,903	25,903
Trade receivables	39,258	-	39,258	187,585	-	187,585
Other debtors	253,242	-	253,242	260,763	-	260,763
Prepayments	11,033	-	11,033	10,989	-	10,989
Cash and cash equivalents	409,770	-	409,770	629,382	-	629,382
Total	713,303	928,704	1,642,007	1,088,719	812,507	1,901,226

Financial liabilities by category

The IAS 39 categories of financial asset included in the Consolidated Statement of Financial Position are as follows :

	Other financial liabilities at amortised cost	Liabilities not within the scope of IAS 39	2011 Total	Other financial liabilities at amortised cost	Liabilities not within the scope of IAS 39	2010 Total
	£	£	£	£	£	£
Trade payables	21,634	-	21,634	41,889	-	41,889
Social security and other taxes	9,941	-	9,941	8,717	-	8,717
Corporation tax	81,942	-	81,942	66,653	-	66,653
Accruals & deferred Income	-	53,060	53,060	-	379,880	379,880
Other creditors	250,142	-	250,142	178,769	-	178,769
Lease and hire purchase	-	-	-	-	2,245	2,245
	363,659	53,060	416,719	296,028	382,125	678,153

The Group is exposed to a variety of financial risks which result from its operating activities. The board is responsible for co-ordinating the Group's risk management and focuses on actively securing the Group's short to medium term cash flows. Long term investments are managed to generate lasting returns.

21. Financial instruments - continued

The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant risks to which the Group is exposed are described below :

Credit risk
The Group's credit risk is primarily attributable to its trade receivables, other debtors and cash and cash equivalents. The amounts presented in the Consolidated Statement of Financial Position are net of any allowances for doubtful receivables. The Group has a significant concentration of credit risk associated with its distributor of "digital downloads", The Orchard. The maximum credit to which the Group is exposed is £713,303 (2010: £1,088,719). Cash at bank is all held with highly rated banks or deposit takers, the suitability of which is constantly reviewed.

Liquidity risk
The Group seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash and assets safely and profitably. Short term flexibility is achieved by the use of money markets to deposit excess cash which is not required in the short term. The directors prepare cash flow forecasts on a regular basis to identify at an early stage any short term funding difficulties.

All the financial liabilities noted above are expected to result in cash outflow within six months of the year end. At 31 October 2011, £281,717 (2010 : £229,375) of the financial liabilities were expected to result in cash outflow within six months of the year end.

Currency risk
The Group is exposed to foreign exchange risk in connection with its digital downloading business where the revenue is largely transacted largely in USD $ and the settlement of royalty and other liabilities arising from this revenue is largely denominated in USD $.

22. Related party transactions

There were no related party transactions in the year under review or in the year ended 31 October 2010, other than transactions with the directors as disclosed in the Directors' Report and note 5 to the financial statements.