ONE MEDIA iP Group Plc

(formerly One Media Publishing Group Plc)

Annual Report & Accounts

For the year ended 31 October 2012

Company No. 05799897

ONE MEDIA iP Group Plc

Formerly One Media Publishing Group Plc

Company Information

Directors	Michael Anthony Infante JP Nigel Smethers Scott Cohen Roman Poplawski	
Secretary	Nigel Smethers	
Registered Office	Pinewood Studios 623 East Props Building Pinewood Road Iver Heath Buckinghamshire SLO ONH	
Corporate Advisers	Hybridan LLP Warnford Court 29 Throgmorton Street London EC2N 2AT	
Solicitors	Hamlins LLP Roxburghe 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 Leicestershire 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	

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Executive Chairman's Statement
For the year ended 31 October 2012

Financial Overview

The digital music industry has entered its tenth year since the sale of the first iTunes track. In that time globally, digital music has gone from start up to approaching $7bn of sales. The world of the compact disc has decreased by over 60% in the same period. For the first time in the UK digital sales of music outsold physical sales during 2012. Companies such as Facebook have dominated the social media scene, Twitter has emerged as the strongest mobile medium and the Group has acquired under a variety of terms over 170,000 tracks of music and 5,000 digital video programs. As a small group it is hard competing in a world dominated by multi-nationals but we have carved out a profitable space and we are confident that we can say that the Group is at its real beginning. Unlike much of the music industry we are not saddled with the legacy they carry from the past. The Group's focus six years ago was on building the business for the future. And now, that future is the present, and we are reaping the rewards. The revenues are modest but our profit ratios are enviable within our industry.

Our revenue for this period was £2,089,841 up 26% on last years' revenue of £1,662,516 (2011) and our profit before tax is reported at £427,888, up 29% from £330,810 in 2011. We are debt free with cash resources and with no gearing. Our dividend policy was underpinned by the payment of £70,974 during the financial year ending 2012 (2011: £14,994). We would always consider a dividend policy at this stage to further demonstrate that the Group is not just a growth stock but also a yielding stock.

Review of Activities (The Highlights)

Acquisitions

During the past year the Group acquired a significant number of music, video and spoken word tracks. These acquisitions demonstrate the Group's ability to work within the cash resources it has and to monetise often-redundant content catalogues. Not all of the acquisitions mentioned below came with revenue, and generally, the benefits to the Group will be felt in the year following acquisition, as we exploit the recordings within the digital arena.

On the 16th November 2011, the Group acquired over 8,000 recordings, some 800 hours of classical music for a consideration of £104,000. The classical music catalogue comprises masterpieces by some of the world's greatest composers. Works by over 150 composers including; Mozart, Handel, Tchaikovsky, Bach, Verdi, Schubert, Mendelssohn, Brahms, Liszt, Grieg, Elgar, Haydn, Vivaldi, Beethoven and Debussy just to name a few. The catalogue includes masterpieces such as; La Traviata, Carmina Burana, Air on a G-string, The Nutcracker Suite, Peer Gynt, Romeo & Juliet, and Toccata and Fugue as a small example of the many compositions included in this deal.

On the 24th November 2011, we extended our contract with a principal provider to have greater access on more favourable terms for a deal we originally concluded on 5th February 2009. The original deal that was announced for a period of five years in February 2009 was extended by a further ten years for an additional advance against royalties of £10,000. The music catalogue of over 400 tracks includes performances by The Sex Pistols, Lou Reed, Paul Weller,T.REX, Iggy Pop and other 'New Wave' music from the 1970's that have performed well for the Group digitally.

On the 28th November 2011, the Group announced that we had purchased and configured in association with the data-centre at Pinewood Studios and SohoNet (our provider of connectivity) a new digital storage system to house our growing audio library and newly acquired film and visual music documentary content. The investment provides the Group with a substantially increased media storage ability, increased media delivery bandwidth, a robust disaster recovery solution and a scalable system to meet future digital storage and delivery requirements. The investment is a crucial move for the Group to ensure that it can digitally deliver what the Group acquires.

Executive Chairman's Statement
For the year ended 31 October 2012
Review of Activities - continued

On the 2nd December 2011, the Group concluded five recordings with British actress Anita Harris and created the Group's first five children's stories as 'spoken word' content in the Group's newly established children's 'pre-school' genre. Anita recorded delightful versions of Cinderella, Snow White, Little Red Riding Hood, The Emperor's New Clothes and Beepo the Bear.

On the 8th December 2011, the Group acquired a catalogue that comprises over 6,000 karaoke tracks from over the last 50 years of the charts to facilitate consumers to sing along with great tracks like 'Mamma Mia' to 'Living Doll' and 'Bad Moon Rising' to Dr. Zhivago's 'Somewhere my love'. In addition there was another 4,000 tracks of original artist performances of a nostalgia genre including tracks performed by The Libertines, Babyshambles, Bad Manners, The Stranglers, Emerson Lake & Palmer, Mike Bennett, Pete Doherty, Tom Pepper, Wishbone Ash, as small example of the many artists included in this deal.

On the 20th February 2012, the Group acquired a catalogue of American TV broadcast video content including 420 performances performed by over 150 popular artists. Amongst the performers are 'indie bands' such as Kasabian, KT Tunstall, Athlete, Elbow, Gym Class Heroes, Imogen Heap, Jonas Brothers, Juliette & The Licks, Paramore, Supergrass and The Cribs. The deal was concluded together with the acquisition of other audio rights featuring over 350 modern jazz titles featuring works by Lennie Tristano, Art Hordes, Robert Lockwood, Stephan Grappelli and Chris Barber.

On the 23rd February 2012, the Group invested into three diverse catalogues of music. The first catalogue originally traded as the 'Dressed to Kill' catalogue of rights and comprises of over 100 albums of popular easy listening and off beat punk music tributes and original artists such as Tina Charles and Gloria Gaynor. The second catalogue of rights is a `Rap Hop' collection of over 200 recordings with artists such as, 50 Cent, Mase, G-Unit, Lil Wayne, Lloyd Banks, Prodigy, Snoopy Blu, Spider Loc, Lil Vic, 40 Glocc, The Team, Young Buck, Ras Kass, Seven, Chamillionaire, Lil Scrappy, Mike Jones, Mobb Deep and Bobby Greek. The third catalogue is a collection of over 100 traditional Yiddish Homeland Folk songs, which should prove a successful addition to our 'World-Music' collections. Further, a Spoken Word version of 'Peter Pan' was acquired to add to the growing audio books collection.

On the 14th May 2012 the Group invested US$33,000 to partner with a production house to deliver up to 3,000 music tracks in the 'easy listening', 'instrumental' and 'TV & Film' music genres. Whilst some of the music library already existed, we retained the additional right to select new tracks (not yet recorded) over the 36 months following. This allows the Group to keep its library populated with new tunes as required at a fixed price. We use this style of music extensively in both the digital distribution to our consumers via digital stores, such as Spotify, Amazon, iTunes, YouTube and E-music, and to the world of film, TV, websites and gaming industries for background music known as 'Synchronisation'.

On the 15th June 2012, the Group announced that we had acquired under a long term license the label OVOW (One Voice One World) that had traded on iTunes for several years previously and has over 100 pop videos featuring performances by the Moody Blues, Phil Collins, Neil Sedaka, Dusty Springfield, Gene Pitney, Iggy Pop, Santana, Eric Clapton and Elton John, to name just a few.

On the 18th June 2012, the Group acquired under license the management rights to exploit in excess of 30,000 various artist tracks from over the last 50 years for a consideration of US$400,000. Much of the content was already ingested to our principal distributer (The Orchard), which afforded a smooth transition of the rights management and the income.

On the 25th June 2012, the Group announced that it had acquired, under license, over 50 hours of Children's audio narrated by Britain's celebrity elite. The collection features kids stories and `early learning' recordings performed by stars such as Rik Mayall, Judi Dench, Stephen Fry, Patrick Moore, Tony Robinson, Phillip Schofield, Lenny Henry, David Bellamy and Bill Oddie, reading a selection of stories which includes Aladdin, Sleeping Beauty, Learning to Count, Spelling games, Dinosaur stories, Space Travel, Kids Quizzes and Learning French.

Executive Chairman's Statement
For the year ended 31 October 2012
Review of Activities - continued

On the 28th June 2012, the Group extended the deal with Miki Dallon Productions, who was originally contracted in 2007. The Group has been exploiting the rights successfully for the past 5 years. Dallon is an English musician, songwriter and producer of music from the 1960s and 70s. Dallon's first published work was a Mickie Most track called "That's Alright" on which Dallon also played piano. Dallon also produced the Elias Hulk album `Unchained', the Bearded Lady single `Rockstar', `Country  Lady' and `Apollo 100' for Youngblood Records. The catalogue of 900 songs includes tracks also performed by JJ Jackson, ABC, Billy Ocean, Johnny Kid & The Pirates and Greyhound to name just a few of the other artists featured.

On the 8th August 2012, English comedian Bobby Davro added six further 'One Man Pantos' to the growing children's catalogue of rights that the Group continues to build. His renditions of the Hare & the Tortoise, Rumpelstiltskin, Rapunzel, Jack and the Beanstalk, Hansel & Gretel, and the Adventures of Alice in Wonderland are both comical and appealing to younger ears.

On the 3rd September 2012, the Group announced that it had acquired the music-video content from Tropicana currently being exploited via the 'YouTube' channels featuring all of the Motor City, High Energy & Northern Soul videos produced by legendary producer Ian Levine. The 'Levine' YouTube channel has had in excess of over 15 million views to date. The Group has now annexed this acquisition to the deal it originally completed with him on the 7th April 2010 (Regulated News Service, "RNS"). Featured on the channel are 550 exclusive videos of Disco, High-Energy, Motorcity and Northern Soul videos, including Evelyn Thomas performing 'High Energy' and The Trammps performing 'Hold Back The Night' which together have achieved over 2 million views so far. As a YouTube Premier Partner, the Group is able to monetise its content viewed on YouTube through advertisements and the forthcoming subscription accounts.

Relationship with the Orchard

On the 12th March 2012, the Group announced that it had negotiated and received a cash advance payment of US$750,000 from The Orchard, our digital distributor.

AIM and name change

On the 15th May 2012, the Group announced, further to the announcement made by Plus SX Markets (14th May 2012), that it [Plus SX] was issuing a six-month notice to potentially quit trading and close the Plus SX trading platform. We were quick to comment (RNS 15th May 2012) on this to reassure our shareholders that we would be seeking an alternative trading platform in this event and started the process of examination of alternative markets. The Group has subsequently announced (RNS 2nd January 2013) its intention to list on the AIM Market (the London Stock Exchange's international market for smaller growing companies).

On the 18th October 2012, the Group changed its name and dropped the word 'Publishing'. I said at the time that this change in name reflects the Group's expansion from being a purely audio content exploitation business to further reflect the monetisation of music, Film, TV programs and the associated brand licensing rights that the Group will develop further over the coming years. The Group intends to be a far more encompassing copyrights organisation with a focus on significantly expanding its digital asset base and intellectual property ownership in varying entertainment sectors.

Executive Chairman's Statement
For the year ended 31 October 2012
Review of Activities – continued

Outlook

The Group is embracing and driving the shift in the marketplace with the intention of not only continuing to acquire music catalogues but to focus on the digital video side of our business as well. The Group is not only a B2B business but now delivers content direct to the video platforms such as YouTube making it a direct to consumer (B2C) 'Netlabel' as well. Digital video content will be the next 'big boom' in our evolution from the physical world of CD and DVD to the MP3 and MP4. The Group continues a policy of not manufacturing physical products and remains faithful to the business model of expanding digital rights library in all arenas.

As more consumers turn to mobile devices to access their social media sites such as Facebook and with the advent of Smart Televisions, more consumers will view and browse the Internet on their TVs. Google state that currently 30m consumers watch YouTube channels on Smart TVs, and they predict this to rise to 1bn by 2018. The Group's focus as a content provider therefore is to continue to acquire nostalgic content to meet these growing audiences. Google's 'Advert Funded' and forthcoming subscription model partnership deals, offer a great medium for visual nostalgia and monetisation for content owners.

Post period end, we announced on 12th December 2012 our acquisition of the Men & Motors catalogue of rights to over 3,000 episodes and the of ownership to the brand itself, which is already opening new doors to revenues for the Group compared to previous years where it was not technically possible.

Our staff head count remains small at nine personnel (excluding directors). The Group is intending to grow to nearer 12 or 13 over the next financial year. To cater for this the Group moved within the Pinewood complex to a larger suite of offices in July 2012. This affords the headroom for further growth. In addition we have taken secure storage here at Pinewood to house the growing video and music master asset, as we make more acquisitions in this area. We continue to enjoy the facilities here at Pinewood and now fully utilise the Postproduction services as well as the Data Centre services to repurpose and store our digital content.

I would like to thank the team for all their continued hard work and that of our professional advisers.

And, as always, my special thanks to all of my co-directors for all of their valuable contributions and dedication.

Michael A Infante
Chairman
21 February 2013

Report of the Directors
For the year ended 31 October 2012

The Directors present their annual report together with the audited consolidated statements of the Group for the year ended 31 October 2012.

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 digital medium and to a lesser extent through traditional media outlets. The Group is a B2B and B2C content supplier to the major digital 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 this market primarily through The Orchard, its strategic partner for digital music and spoken-word 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 to 4.

Whilst the Group focus is primarily on the digital market place, traditional routes to market are not being ignored. Changes in the retail sector are accelerating and there continues to be 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.

A dividend of £70,974 (2011: £14,994) was paid in the year.

The key financial and non-financial performance indicators the Directors use to monitor the performance of the Group are as follows:

Financial and non-financial performance indicators

Cost of catalogue acquisition and number of tracks "ingested"
Management are continually searching to acquire new music catalogues to exploit through the digital medium and other traditional routes to market. The costs of catalogue acquisition “ingestion” are constantly monitored to ensure that a safe and adequate return on investment is made. During the year £643,431 (2011: £185,837) was spent on catalogue and intangible asset additions.

Rate of commercialisation of licences and intellectual property
Measured by the growth in value and volume of digital downloads, licence deals and sales contracts signed. During the year revenue increased to £2,089,841 (2011: £1,662,516) a 26% year on year increase. 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. During the year overheads increased to £678,793 (2011: £583,809) a 16.3% increase.

Report of the Directors
For the year ended 31 October 2012 - continued

Share price movements and changes in shareholders are constantly monitored as a major contributor to long term planning
The Board constantly review share price movements both for the impact of Regulated News Service announcements and trading in shares on the ICAP-ISDX Market (formerly 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 Group’s 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 monthly 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.

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.

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. OMiP is a B2B and B2C supplier. We have no digital site of our own but supply over 200 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 digital services
The Group currently supplies the majority of its digital content to the digital market through The Orchard its strategic partner for digital services.

Protection of licences and intellectual property
The Group seeks to protect its licences by a well structured and controlled process of drafting, reviewing, approving and subsequently monitoring contracts. Where the acquisition of a licence is considered to be significant, independent 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 can be either a complete withdrawal, a “take down” whilst rights are proved, or to continue to exploit the disputed intellectual property.

Dependence on a small team of senior employees and staff
As a small technology driven group 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 option and warrant packages and regularly involve them through management meetings to add "buy in" to our corporate objectives.

Report of the Directors
For the year ended 31 October 2012 - continued

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:

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

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 income.

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.

Report of the Directors
For the year ended 31 October 2012 - continued

Directors

The following Directors held office during the year:
Michael Anthony Infante JP
Scott Cohen
Nigel Smethers
Roman Poplawski

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 2012	**At 31 October 2011**
	Nos	**Nos**
Michael Anthony Infante JP	26,044,737	18,044,737
Nigel Smethers	1,343,371	785,000
Scott Cohen	500,000	-
Roman Poplawski	3,943,377	2,276,727

	Warrants in Ordinary share of 0.5p each	
	At 31 October 2012	**At 31 October 2011**
	At 2p each Nos	**At 2p each Nos**
Michael Anthony Infante JP	-	4,000,000
Nigel Smethers	-	500,000
Scott Cohen	-	500,000
Roman Poplawski	-	500,000

Of the above warrants Nigel Smethers and Scott Cohen exercised their warrants before the expiry date of 18 September 2012. On 17 September 2012 the Board agreed to the cancellation of the warrants in favour of Michael Anthony Infante JP and Roman Poplawski replacing them with warrants of 1.5p each due to expire on 15 September 2015.

	Warrants in Ordinary share of 0.5p each	
	At 31 October 2012	**At 31 October 2011**
	at 1.5p each Nos	**At 1p each Nos**
Michael Anthony Infante JP	4,000,000	8,000,000
Nigel Smethers	250,000	-
Scott Cohen	250,000	-
Roman Poplawski	750,000	-

The above warrants were granted on 17 September 2012 and are due to expire on 15 September 2015.

Report of the Directors
For the year ended 31 October 2012 - continued

	Share Options in Ordinary share of 0.5p each	
	At 31 October 2012	At 31 October 2011
	at 2.75p each Nos	at 2.75p each Nos
Michael Anthony Infante JP	500,000	500,000
Nigel Smethers	500,000	500,000
Scott Cohen	500,000	500,000
Roman Poplawski	500,000	500,000

The options are exerciseable at 2.75p per share on or by 6 March 2018.

Significant shareholding
Apart from the Directors' shareholdings above the Company was notified on 17 December 2012 that an individual investor had acquired a holding of 7.5% of the issued share capital of the Company (4,100,000 ordinary shares of 0.5p each).

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.

Research and development
The Group, in developing its internal technology based systems, undertakes Research and Development work the outcome of which may be uncertain. Work proven to have an on-going value is capitalised all other costs are expensed to the Profit and Loss account.

Payment to suppliers
The Group's policy is to agree the terms of payment with each supplier, when agreeing contracts and purchasing terms, and to settle each transaction in accordance with those terms. Group trade payables at the year end were £63,081 (2011: £21,634). The Directors do not consider, because of the nature of Group's business, that the traditional calculation of day's purchases outstanding is relevant. Therefore no calculation of days purchases outstanding is provided.

Report of the Directors
For the year ended 31 October 2012 - continued

Statement of 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 of the persons who are Directors of the Group at the time when the Report of the Directors is approved has confirmed that 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 Anthony Infante JP
Director
21 February 2013

Report of the Directors
For the year ended 31 October 2012 - continued

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 Group 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 ICAP-ISDX Market platform using the medium of the RNS.

The Annual General Meeting is used to communicate with private investors who 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 licences by a well structured and controlled process of drafting, reviewing, approving and then subsequently monitoring. This process applies to both the purchase of our music rights and the distribution of our products to all our customers.

During the year, due to the relatively small size of the Group, no independent Audit Committee was appointed. At least one Non-Executive 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 or, for other reasons when an Audit Committee is necessary.

Report of the Directors
For the year ended 31 October 2012 - continued

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 2012 is as follows:

	Fees and emoluments Year ended 31 October 2012	Fees and emoluments Year ended 31 October 2011
	£	**£**
Michael Anthony Infante JP	103,452	98,055
Nigel Smethers	33,498	30,665
Scott Cohen	5,998	5,665
Roman Poplawski	25,998	20,665
	168,946	155,050

Bonuses and Performance Conditions

Included in the Fees and Emoluments for Michael Anthony Infante JP is a £10,000 bonus (2011: £15,000), Health Insurance of £2,454 (2011: £2,390) and attributable share option cost of £998 (2011: £665). Fees and Emoluments for Nigel Smethers includes a £5,000 bonus (2011: £5,000) and attributable share option cost of £998 (2011: £665). In addition to his role as Non-Executive Director R Poplawski also acts as Business Affairs Adviser providing advice on legal and contractual matters. R Poplawski's Fees and Emoluments includes £20,000 (2011: £15,000) in relation to this role and £998 (2011: £665) attributable to share option costs. S Cohen receives £5,000 (2011: £5,000) for his role as non-executive director and £998 (2011: £665) attributable to share option costs.

Directors' contracts do not include any specific performance criteria but implicit within their terms of their engagements is that at all times they will seek to enhance shareholder value. Apart from warrants and share options granted there are no other specific long term incentive plans for any of the Directors. The Company received qualifying services from 4 (2011: 4) Directors under long term incentive qualifying schemes.

During the year the four Directors exercised a total of 10,500,000 warrants. No warrants were exercised in 2011. The aggregate amount of taxable gain by exercise of warrants during the year was £40,000 (2011: £nil).

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 iP Group Plc

We have audited the Group and parent Company financial statements (the "financial statements") of One Media iP Group Plc for the year ended 31st October 2012, 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 15 to 39. 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 2012 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.

Independent Auditors' Report
to the Shareholders of One Media iP Group Plc

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.

Alexander Peal BSc. (Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of
James Cowper LLP

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

21 February 2013

ONE MEDIA iP Group Plc

(formerly One Media Publishing Group Plc)
Registered Number: 05799897
Consolidated Statement of Comprehensive Income
For the year ended 31 October 2012

	Note	Year ended 31 October 2012	Year ended 31 October 2011
		£	£
Revenue	1	2,089,841	1,662,516
Cost of sales		(983,374)	(747,862)
Gross profit		1,106,467	914,654
Administration expenses		(678,793)	(583,809)
Operating profit	2	427,674	330,845
Finance cost	3	-	(198)
Finance income	3	214	163
Profit on ordinary activities before taxation	4	427,888	330,810
Tax expense		(88,668)	(79,995)
Profit for period attributable to equity shareholders		**339,220**	**250,815**
Basic earnings per share	**7**	**0.73p**	**0.49p**
Diluted earnings per share		**0.62p**	**0.35p**

The Consolidated Statement of Comprehensive Income 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.

(formerly One Media Publishing Group Plc)
Registered Number: 05799897

Consolidated Statement of Changes in Equity
For the year ended 31 October 2012

	Share Capital	Share redemption reserve	Share premium	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£	£
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 based payment charge	-	-	-	4,791	-	4,791
Profit for the year	-	-	-	-	250,815	250,815
Dividends	-	-	-	-	(14,994)	(14,994)
At 1 November 2011	**218,143**	**239,546**	**643,271**	**4,791**	**119,537**	**1,225,288**
Proceeds from the issue of new shares	55,000	-	75,000	-	-	130,000
Share based payment charge	-	-	-	7,625	-	7,625
Profit for the year	-	-	-	-	339,220	339,220
Dividends	-	-	-	-	(70,974)	(70,974)
At 31 October 2012	**273,143**	**239,546**	**718,271**	**12,416**	**387,783**	**1,631,159**

For the year ending 31 October 2011:

- 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 amounting 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 the acquisition of a Music Video catalogue with a total value of £15,000.

For the year ending 31 October 2012:

As detailed in note 14, Share Capital, during the year a total of 11,000,000 warrants were exercised by Directors and Employees between June and September 2012. As summarised above, the nominal value of the warrants exercised was £55,000 and the Share premium arising was £75,000.

(formerly One Media Publishing Group Plc)
Registered Number: 05799897
Consolidated Statement of Financial Position at 31 October 2012

	Note	Year ended 31 October 2012	Year ended 31 October 2011
		£	£
Assets			
Non-current assets			
Intangible assets	**8**	1,442,140	897,005
Property, plant and equipment	**9**	47,755	31,699
		1,489,895	928,704
Current assets			
Trade and other receivables	**11**	405,762	303,533
Cash and cash equivalents	**12**	368,655	409,770
Total current assets		774,417	713,303
Total assets		**2,264,312**	**1,642,007**
Liabilities			
Current liabilities			
Trade and other payables	**13**	633,153	416,719
Total liabilities		633,153	416,719
Equity			
Called up share capital	**14**	273,143	218,143
Share redemption reserve	**15**	239,546	239,546
Share premium account	**15**	718,271	643,271
Share based payment reserve	**15**	12,416	4,791
Retained earnings	**15**	387,783	119,537
Total equity		**1,631,159**	**1,225,288**
Total equity and liabilities		**2,264,312**	**1,642,007**

The notes on pages 27 to 39 form part of these financial statements.

The Consolidated Financial Statements were approved by the Directors on 21 February 2013 and signed on their behalf by:

Michael Anthony Infante JP
Director

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

(formerly One Media Publishing Group Plc)
Registered Number: 05799897
Company Statement of Financial Position at 31 October 2012

	Note	Year ended 31 October 2012	Year ended 31 October 2011
		£	£
Assets			
Non-current assets			
Investments	**10**	493,817	493,817
Current assets			
Trade and other receivables	**11**	1,057,030	758,346
Cash and cash equivalents	**12**	214,778	139,562
Total current assets		1,271,808	897,908
Total assets		**1,765,625**	**1,391,725**
Liabilities			
Current liabilities			
Trade and other payables	**13**	25,571	26,642
Total liabilities		25,571	26,642
Equity			
Called up share capital	**14**	273,143	218,143
Share redemption reserve	**15**	239,546	239,546
Share premium account	**15**	718,271	643,271
Share based payment reserve	**15**	12,416	4,791
Retained earnings	**15**	496,678	259,332
Total equity		**1,740,054**	**1,365,083**
Total equity and liabilities		**1,765,625**	**1,391,725**

The notes on pages 27 to 39 form part of these financial statements.

The Company Financial Statements were approved by the Directors on 21 February 2013 and signed on their behalf by:

Michael Anthony Infante JP
Director

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

ONE MEDIA [iP] Group Plc

(formerly One Media Publishing Group Plc)
Registered Number: 05799897
Consolidated and Company Cash Flow Statement
For the year ended at 31 October 2012

	Year ended 31 October 2012 Group	Year ended 31 October 2011 Group	Year ended 31 October 2012 Company	Year ended 31 October 2011 Company
	£	£	£	£
Cash flows from operating activities				
Operating profit before tax	427,888	330,810	308,320	261,376
Amortisation	98,296	75,436	-	-
Depreciation	25,106	19,075	-	-
Share based payments	7,625	4,791	7,625	4,791
Finance costs	-	198	-	-
Finance income	(214)	(163)	-	-
Decrease/(increase in receivables	(102,229)	155,804	(298,684)	(491,126)
(Decrease)/increase in payables	210,176	(276,781)	(1,071)	7,059
Corporation tax paid	(82,410)	(64,648)	-	-
Net cash inflow from operating activities	584,238	244,522	16,190	(217,900)
Cash flows from investing activities				
Investment in copyrights	(643,431)	(185,837)	-	-
Investment in property, plant and equipment	(41,162)	(24,871)	-	-
Finance cost	-	(198)	-	-
Finance income	214	163	-	-
Net cash used in investing activities	(684,379)	(210,743)	-	-
Cash flows from financing activities				
Purchase of own shares	-	(219,500)	-	(219,500)
Share redemption costs	-	(23,897)	-	(23,897)
Proceeds from the issue of new shares	130,000	5,000	130,000	5,000
Dividends paid	(70,974)	(14,994)	(70,974)	(14,994)
Net cash inflow(outflow) from financing activities	59,026	(253,391)	59,026	(253,391)
Net change in cash and cash equivalents	(41,115)	(219,612)	75,216	(471,291)
Cash at the beginning of the year	409,770	629,382	139,562	610,853
Cash at the end of the year	**368,655**	**409,770**	**214,778**	**139,562**

(formerly One Media Publishing Group Plc)
Principal Accounting Policies
For the year ended 31 October 2012

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 (IFRSs) as adopted by the European Union. The Company's shares are listed on the ICAP-ISDX (formerly PLUS) market.

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 equity method. The equity method involves the recognition of the 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 the 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, licences and goods delivered or title passed. In the case of digital income revenue is recognised when reported to the Group and where reasonable estimates can be made of digital stores income still to be reported at any point of time.

In line with normal accounting practice revenue is reported gross received and receivable.

Commercial advances

To the extent that commercial advances are un-recouped at the year end any outstanding amount are included in Other payables. The outstanding balances are calculated in line with underlying contractual obligations.

Principal Accounting Policies
For the year ended 31 October 2012

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 occur in 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.

Intangible assets

Licences and other intangible assets
Licences 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" products 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 licences and other intangible assets (between 26 months and 25 years). Licences and intangible assets are subject to annual impairment reviews.

Assets acquired as part of a business combination
In accordance with IFRS 3 revised "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 not reliably measurable, the Group recognises them as a single asset provided the individual assets have similar useful lives.

Impairment 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 unit level.

Individual assets or cash-generating units, other than 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.

Principal Accounting Policies
For the year ended 31 October 2012

Impairment of intangible assets, property, plant and equipment – continued

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 are charged to the assets in the cash generating unit. 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 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 in equity. 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.

Principal Accounting Policies
For the year ended 31 October 2012

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 are a number of similar obligations, 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.

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.

Principal Accounting Policies
For the year ended 31 October 2012

Property, plant and equipment - continued

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

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 Income Statement.

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.

Operating segments

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 operates in one significant business segment which is the digital “net-label” market, the results of which are seen in the Consolidated Statement of Comprehensive Income.

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.

Principal Accounting Policies
For the year ended 31 October 2012

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, licences 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.

Share option and warrant policy

The Group has applied the requirements of IFRS 2 Share-Based Payment.

The Group operates both approved and unapproved share option and warrant schemes for the Directors, senior management and certain employees.

Where share options and warrants are awarded, the fair value of the instruments at the date of grant is charged to the Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that ultimately the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted, as long as other vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of the instruments are modified before they vest, any increase in fair value of these instruments, measured immediately before and after the modification is also charged to the Statement of Comprehensive Income over the remaining vesting period.

Fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral conditions.

Adoption of new or amended IFRS's

a) The Group has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the year beginning 1 November 2012.

- Amendments to IFRS 7 *Financial Instruments: Disclosures*
- Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)

Principal Accounting Policies
For the year ended 31 October 2012

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 7 Offsetting Financial Assets and Financial Liabilities (Amendment)	1 January 2013
- IFRS 9 Financial Instruments	1 January 2015
- IFRS 10 Consolidated Financial Statements	1 January 2013
- IFRS 11 Joint Arrangements	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
- IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendment)	1 January 2014

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.

(formerly One Media Publishing Group Plc)

Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

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 2012	Year ended 31 October 2011
	£	£
United Kingdom	99,876	63,302
North America and Canada	1,988,939	1,562,527
Europe	1,026	36,687
	2,089,841	1,662,516

The Group considers it has one business segment with all its Profit ultimately earned in the United Kingdom as shown in the Consolidated Statement of Comprehensive Income shown on page 15.

Included in revenues for the year ended 31 October 2012 is £1,059,746 (2011: £933,914) from its largest ultimate customer and £300,192 from its second largest (2011: £205,924). Together these represent 65.1% (2011: 68.6%) of the total Group revenue for the year.

2. Operating profit

Operating profit is stated after charging:

Group	Year ended 31 October 2012	Year ended 31 October 2011
	£	£
Directors' remuneration	168,946	155,050
Amortisation of licences and other intangible assets	98,296	75,436
Depreciation of plant, property and equipment	25,106	19,075
Operating lease - office rent	37,170	30,143
Auditors' remuneration - audit fees	8,400	10,000
Auditors' remuneration - taxation	1,300	2,000
Auditors' remuneration - other	1,300	1,600
Bad debts	(1,280)	674
Difference on foreign exchange	11,892	(41,385)

Included in audit fees above is £4,500 (2011: £4,000) for the audit of the parent Company.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

3. Finance cost and finance income

	Year ended 31 October 2012	Year ended 31 October 2011
	£	£
Interest payable	-	198
Interest receivable	214	163

4. Taxation

	Year ended 31 October 2012	Year ended 31 October 2011
	£	£
Analysis of the charge for the year		
Adjustments to tax charge in respect of prior years	468	(2,005)
UK corporation tax charge	88,200	82,000
UK corporation tax	88,668	79,995

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 24% (2011: 26%). The actual tax charge for the periods is different than the standard rate for the reasons set out in the following reconciliation:

Reconcilation of current tax charge	Year ended 31 October 2012	Year ended 31 October 2011
	£	£
Profit on ordinary activities before tax	427,888	330,810
Tax on profit on ordinary activities at 24.83% (2011: 26.83%)	106,244	88,748
Effects of:		
Non deductible expenses	7,508	6,365
Marginal relief	(5,045)	(6,690)
Adjustments to tax charge in respect of previous periods	468	(2,005)
Capital allowances in excess of depreciation	(8,467)	(1,507)
Other differences	(8,061)	(580)
Utilisation of tax losses	(3,959)	(4,336)
Current tax charge	88,668	79,995

Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

4. Taxation - continued

The Group has estimated trading losses of £374 (2011: £16,317) available for carry forward against future trading profits.

No deferred taxation asset has been recognised as it is not material. If deferred taxation on losses was recognised the amount would be £90 (2011: £4,242).

5. Employee information

	Year ended 31 October 2012	Year ended 31 October 2011
	£	£
Directors' emoluments - excluding applicable share option charge	134,954	127,390
Fees paid to directors	30,000	25,000
Share option charge	7,625	4,791
Wages and salaries	296,018	257,583
Social security costs	42,169	37,365
	510,766	452,129

Included within fees paid to Directors is £20,000 (2011: £15,000) in respect of legal services provided by Mr R Poplawski in his role as Business Affairs Adviser to One Media iP Limited.

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

	Year ended 31 October 2012	Year ended 31 October 2011
Office and management	11	10

6. Parent Company Profit and Loss Account

The profit for the year to 31 October 2012 dealt within in the financial statements of the parent Company was £308,320 (2011: £261,376). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is prepared for the parent Company.

7. Earnings per share

The calculation of earnings per share is based on the profit for the financial period of £339,220 (2011: £250,815) divided by the weighted average number of shares in issue 46,769,794 (2011: 51,474,705). The diluted earnings per share, after the exercise of warrants and share options, is calculated on a weighted average number of shares of 54,639,657 (2011: 72,208,038). The 2011 basic and diluted average number of shares is distorted because for the period 1 November 2010 to 17 December 2010, the date of the share buy back, see note 14, the Group had 91,371,339 ordinary shares in issue.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

8. Intangible assets - Group

	Licenses and other intangible assets	Total
	£	£
Cost		
At 1 November 2010	1,027,834	1,027,834
Additions	185,837	185,837
At 31 October 2011	1,213,671	1,213,671
Additions	643,431	643,431
At 31 October 2012	1,857,102	1,857,102
Amortisation		
At 1 November 2010	241,230	241,230
Charge for the year	75,436	75,436
At 31 October 2011	316,666	316,666
Charge for the year	98,296	98,296
At 31 October 2012	414,962	414,962
Net book value		
At 31 October 2012	1,442,140	1,442,140
At 31 October 2011	897,005	897,005

Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

9. Property, plant and equipment - Group

	Office equipment	Fixtures and fittings	Total
	£	£	£
Cost			
At 1 November 2010	54,604	14,473	69,077
Additions	23,276	1,595	24,871
At 31 October 2011	77,880	16,068	93,948
Additions	34,238	6,924	41,162
Disposals	(22,848)	(5,234)	(28,082)
At 31 October 2012	89,270	17,758	107,028
Amortisation			
At 1 November 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
Charge for the year	20,797	4,309	25,106
Disposals	(22,848)	(5,234)	(28,082)
At 31 October 2012	50,597	8,676	59,273
Net book value			
At 31 October 2012	38,673	9,082	47,755
At 31 October 2011	25,232	6,467	31,699

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

Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

10. Investment in subsidiary undertakings

	Total
	£
At 1 November 2011 and 31 October 2012	493,817

The Company holds interests in the following subsidiary undertakings.

Company	Country of incorporation	Nature of business	Class of shares	Share held %	Status
One Media iP Limited (formerly One Media Publishing Limited) Company number 05536271	England and Wales	Audio-visual content	Ordinary	100%	Operating
Collecting Records LLP Company number OC307927	England and Wales	Audio-visual content	Partnership	99%	Dormant
One Media Intellectual Property Limited Company number 08224199	England and Wales	Audio-visual content	Ordinary	100%	Dormant
One Media Publishing Limited Company Number 082123128	England and Wales	Audio-visual content	Ordinary	100%	Dormant

The Company's investment at the balance sheet date is 100% of the share capital of the unlisted companies One Media iP Limited, One Media Intellectual Property Limited and One Media Publishing Limited. OMiP Group Plc owns 99% of the Limited Liability Partnership Collecting Records LLP with the other 1% of the Limited Liability Partnership Collecting Records LLP held by One Media iP Limited.

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

11. Receivables

	Year ended 31 October 2012 Group	Year ended 31 October 2011 Group	Year ended 31 October 2012 Company	Year ended 31 October 2011 Company
	£	£	£	£
Amounts owed by group undertakings	-	-	1,053,292	754,696
Trade receivables	41,451	39,258	-	-
Other receivables	345,905	253,242	1,428	3,650
Prepayments	18,406	11,033	2,310	-
	405,762	303,533	1,057,030	758,346

Trade and other receivables are usually due within 30 to 60 days and do not bear any effective interest. A provision of £2,860 was made for doubtful debts at 31 October 2012 (2011: £4,140). The movement in the provision for impairment during the year is as follows:

Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

11. Receivables - continued

	Total
	£
At 1 November 2010	11,685
Decrease in the provision for impairment	(7,545)
At 31 October 2011	4,140
Decrease in the provision for impairment	(1,280)
At 31 October 2012	2,860

12. Cash and cash equivalents

An analysis of cash and cash equivalent balances by currency is shown below:

	Year ended 31 October 2012 Group	Year ended 31 October 2011 Group	Year ended 31 October 2012 Company	Year ended 31 October 2011 Company
	£	£	£	£
GB£	295,522	295,353	214,778	139,562
US$	72,403	110,100	-	-
Euro	730	4,317	-	-
	368,655	409,770	214,778	139,562

13. Trade and other payables

	Year ended 31 October 2012 Group	Year ended 31 October 2011 Group	Year ended 31 October 2012 Company	Year ended 31 October 2011 Company
	£	£	£	£
Current				
Trade payables	63,081	21,634	-	992
Social security and other taxes	14,470	9,941	-	-
Corporation tax	87,604	81,942	-	-
Accruals & deferred Income	160,733	53,060	25,571	25,650
Other payables	307,265	250,142	-	-
	633,153	416,719	25,571	26,642

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.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

14. Share capital

Group and Company

	2012	2011
	£	£
Authorised:		
200,000,000 ordinary shares of 0.5p each	1,000,000	1,000,000
Issued:		
54,628,698 (2011: 43,628,698) ordinary shares of 0.5p each	273,143	218,143

The movement in the issued share capital over the last two years has been as follows:

For the year ending 31 October 2011:

- 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 was recorded in the share redemption reserve. The costs associated with this transaction, amounting to £23,897, were set off against the share premium account and the amount paid to buy back the shares amounting to £215,000 was 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.

For the year ending 31 October 2012:

- During the financial year ended 31 October 2012 a total of 11,000,000 warrants were exercised by Directors and employees as follows:

Number of warrants exercised	Date exercised	Par Value	Share Capital £	Share Premium arising £
1,000,000	11 June 2012	0.5p	5,000	10,000
4,000,000	13 June 2012	0.5p	20,000	20,000
4,000,000	10 August 2012	0.5p	20,000	20,000
500,000	10 August 2012	0.5p	2,500	7,500
500,000	11 September 2012	0.5p	2,500	5,000
500,000	17 September 2012	0.5p	2,500	5,000
500,000	17 September 2012	0.5p	2,500	7,500
11,000,000			55,000	75,000

Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

14. Share capital - continued

The movement in warrants during the year was as follows:

Date of grant	Number of warrants	Par Value	Exercise price	Period of subscription
17 September 2009	10,000,000	0.5p	1p	3 years
17 September 2009	2,000,000	0.5p	1.5p	3 years
17 September 2009	6,000,000	0.5p	2p	3 years
7 March 2011	500,000	0.5p	2p	3 years
Warrants outstanding at 31 October 2011	18,500,000			
Exercised in year				
17 September 2009	(8,000,000)	0.5p	1p	3 years
17 September 2009	(2,000,000)	0.5p	1.5p	3 years
17 September 2009	(1,000,000)	0.5p	2p	3 years
	7,500,000			
Expired and not exercised				
17 September 2009	(2,000,000)	0.5p	1p	3 years
17 September 2009	(5,000,000)	0.5p	2p	3 years
Cancelled				
7 March 2011	(500,000)	0.5p	2p	3 years
Granted in year				
17 September 2012	5,750,000	0.5p	1.5p	3 years
Warrants outstanding at 31 October 2012	5,750,000		1.5p	3 years

The number of Directors holding warrants at 31 October 2012 was 4 (2011: 4) and senior staff 2 (2011: 3).

The fair value of the outstanding warrants at 31 October 2012, based on the Black-Scholes model was 1.5p per share based on a risk free interest rate of 1% and a volatility of 30%. The warrants have been issued to underpin key Directors and senior staff service conditions. The share based payment charge in relation to these warrants is spread over the period of subscription. A share based payment charge of £439 has been made for the year ended 31 October 2012.

During the year 4 Directors (2011: nil) exercised warrants.

Included in the Consolidated Statement of Financial Position is £16,800 due to the Group by Michael Anthony Infante in respect of PAYE and NI due on the exercise of his warrants during the year. This amount was repaid on 20 February 2013 at the same time as the Group settling the equivalent outstanding liability to HMRC.

At 31 October 2012 3,600,000 (2011: 3,600,000) share options of 2.75p were outstanding. The number of Directors holding share options at 31 October 2012 was 4 (2011: 4) and senior staff and employees 5 (2011: 5). The share options have been issued to underpin key Directors and senior staff service conditions. The share based payment charge in relation to these share options is spread over the period of subscription

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 £7,186 has been made for the year ended 31 October 2012 (2011: £4,791).

Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

15. Company reserves

	Share redemption reserve	Share premium	Share based payment reserve	Retained earnings	Total equity
	£	£	£	£	£
At 1 November 2010	-	663,000	-	232,450	895,450
Share buy back	239,546	(23,897)	-	(219,500)	(3,851)
Proceeds from the issue of new shares	-	4,168	-	-	4,168
Share based payment charge	-	-	4,791	-	4,791
Profit for the year	-	-	-	261,376	261,376
Dividends	-	-	-	(14,994)	(14,994)
At 1 November 2011	**239,546**	**643,271**	**4,791**	**259,332**	**1,146,940**
Proceeds from the issue of new shares	-	75,000	-	-	75,000
Share based payment charge	-	-	7,625	-	7,625
Profit for the year	-	-	-	308,320	308,320
Dividends	-	-	-	(70,974)	(70,974)
At 31 October 2012	**239,546**	**718,271**	**12,416**	**496,678**	**1,466,911**

The Consolidated Statement of Changes in Equity is shown on page 16.

16. Dividends per share

The total dividends paid in the year ended 31 October 2012 was £70,974 (2011: £14,944). These dividends were paid in two instalments. On 30 November 2011 at 0.0345p per share and on 9 July 2012 a further dividend of 0.115p per share was paid.

17. Contingent liabilities

Due to the nature of the business, from time to time, claims will be made against the Group. Nonetheless, the Directors are not aware of any claims that are likely to be successful and, in their opinion, result in a material liability. In 2011 the Directors were not aware of any claims that were likely to be successful and result in a material liability.

18. Capital commitments

There were no capital commitments at 31 October 2012 or at 31 October 2011.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

19. Operating lease commitments

	Within one year	1 to 5 years	2012 Total	Within one year	1 to 5 years	2011 Total
	£	£	£	£	£	£
Rent	47,362	31,575	78,937	35,548	-	34,548
Vehicles	9,083	9,083	18,166	4,831	3,221	8,052
	56,445	40,658	97,103	39,379	3,221	42,600

The lease for rent is due to expire on 31 July 2015 and for the vehicles leases during 2014.

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	2012 Total	Loans and receivables	Non financial assets	2011 Total
	£	£	£	£	£	£
Licences and other intangible assets	-	1,442,140	1,442,140	-	897,005	897,005
Property, plant and equipment	-	47,755	47,755	-	31,699	31,699
Trade receivables	41,451	-	41,451	39,258	-	39,258
Other debtors	345,905	-	345,905	253,242	-	253,242
Prepayments	18,406	-	18,406	11,033	-	11,033
Cash and cash equivalents	368,655	-	368,655	409,770	-	409,770
	774,417	1,489,895	2,264,312	713,303	928,704	1,642,007

Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

20. Financial instruments - continued

Financial assets by category

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

	Other financial liabilities at amortised cost	Liabilities within the scope of IAS 39	2012 Total	Other financial liabilities at amortised cost	Liabilities within the scope of IAS 39	2011 Total
	£	£	£	£	£	£
Trade payables	63,081	-	63,081	21,634	-	21,634
Social security and other taxes	14,470	-	14,470	9,941	-	9,941
Corporation tax	87,604	-	87,604	81,942	-	81,942
Accruals and deferred income	-	160,733	160,733		53,060	53,060
Other payables	307,265		307,265	250,142	-	250,142
	472,420	160,733	633,153	363,659	53,060	416,719

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.

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 content, The Orchard. The maximum credit to which the Group is exposed is £774,417 (2011: £713,303). 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, with the exception of the liability to corporation tax of £87,604 (2011: £81,942) are expected to result in cash outflow within six months of the year end. At 31 October 2012, £384,816 (2011: £281,717) of the financial liabilities were expected to result in cash outflow within six months of the year end.

Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

20. Financial instruments - continued

Currency risk

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

21. Related party transactions

There were no related party transactions in the year under review or in the year ended 31 October 2012, other than transactions with the directors as disclosed in the Directors' Report and note 5 to the financial statements.

At 31 October 2012 the principal operating subsidiary One Media iP Limited owed the Company £1,053,291 (2011: £754,696). No formal inter-company loan agreement is in existence between the Company and its subsidiaries. During the year the Company made a management charge of £208,122 (2011: £200,465) against One Media iP Limited and received a dividend of £300,000 (2011: £250,000).