

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, or the action you should take, you should seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are in the United Kingdom or, if not, from another appropriately authorised independent adviser who specialises in advising on the acquisition of shares and other securities.**

The Company and the Directors, details of which or whom appear on page 3 of this Document, accept responsibility both individually and collectively for the information contained in this Document. To the best of the knowledge and belief of the Company and the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**Application will be made for all of the issued and to be issued Ordinary Shares to be admitted to trading on the AIM market of the London Stock Exchange ("AIM"). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. The London Stock Exchange Plc has not itself examined or approved the contents of this Document. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange Plc on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The Ordinary Shares are not admitted to trading on any recognised investment exchange and apart from the application for Admission, no such other applications have been or are intended to be made. The Directors expect that Admission will become effective and that dealings in the Ordinary Shares will commence on AIM on 18 April 2013.**

This Document, which comprises an AIM admission document, has been drawn up in accordance with the AIM Rules for Companies. This Document does not constitute an offer of transferable securities to the public within the meaning of section 102b of FSMA and is not required to be issued as a prospectus in accordance with the provisions of section 85 of FSMA and is not a prospectus (as defined in the AIM Rules for Companies). Accordingly, this Document has not been prepared in accordance with the Prospectus Rules (as defined in the AIM Rules for Companies), nor has it been approved by the Financial Conduct Authority (the "FCA") pursuant to section 85 of FSMA and a copy has not been and will not be delivered to the FCA.

**The attention of persons receiving a copy of this Document is drawn to the Risk Factors set out in Part II of this Document. The AIM Rules are less demanding than those of the Official List. No liability whatsoever is accepted by Cairn Financial Advisers LLP or Hybridan LLP for the accuracy of any information or opinions contained in this Document, or for the omission of any material information for which the Company and the Directors are solely responsible. The whole of the text of this Document should be read.**

---

## ONE MEDIA iP GROUP Plc

(Incorporated and registered in England and Wales, registered number 5799897)

### **Placing of 9,375,000 new Ordinary Shares at a price of 8 pence per share and Admission to trading on AIM**

**Nominated Adviser**



*Cairn Financial Advisers LLP*

**Broker**

**HYBRIDAN**

*Hybridan LLP*

---

Cairn Financial Advisers LLP and Hybridan LLP, which are authorised and regulated in the United Kingdom by the FCA and are members of the London Stock Exchange Plc, are the Company's Nominated Adviser and Broker respectively in connection with the Admission for the purposes of the AIM Rules and are acting exclusively for the Company and no one else in connection with the matters described herein and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cairn Financial Advisers LLP and Hybridan LLP or for advising any other person in respect of the proposed Placing and Admission or any acquisition of shares in any company. The responsibilities of Cairn Financial Advisers LLP, as Nominated Adviser under the AIM Rules for Nominated Advisers, are owed solely to the London Stock Exchange Plc and are not owed to the Company or any Director or to any other person in respect of their decision to acquire Ordinary Shares in reliance on any part of this Document. No person has been authorised to give any information or make any representations other than those contained in this Document and, if given or made, such information or representations must not be relied upon as having been so authorised. No representation or warranty, express or implied, is made by Cairn Financial Advisers LLP or Hybridan LLP as to any of the contents of this Document. Neither Cairn Financial Advisers LLP nor Hybridan LLP has authorised the contents of any part of this Document for any purpose and no liability whatsoever is accepted by Cairn Financial Advisers LLP or Hybridan LLP for the accuracy of any information or opinions contained in this Document. Neither the delivery of this Document hereunder nor any subsequent subscription or sale made for Ordinary Shares shall, under any circumstances, create any implication that the information contained in this Document is correct as of any time subsequent to the date of this Document.

Copies of this Document will be available free of charge during normal business hours on any weekday (except public holidays) at the offices of Cairn Financial Advisers LLP, 61 Cheapside, London EC2V 6AX from the date of this Document and shall remain available for a period of one month from Admission. Additionally, an electronic version of this Document will be available on the Company's website, [www.onemediaip.com](http://www.onemediaip.com).

**An investment in the Company may not be suitable for all recipients of this Document. Any such investment is speculative and involves a high degree of risk. Prospective purchasers of Ordinary Shares should carefully consider whether an investment in the Company is suitable for them in light of their circumstances and the financial resources available to them. Attention is drawn, in particular, to the Risk Factors set out in Part II of this Document.**

## **OVERSEAS SHAREHOLDERS**

This Document does not constitute an offer to sell, or a solicitation to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Document is not, subject to certain exceptions, for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa, Japan or the Republic of Ireland. The Ordinary Shares have not been nor will be registered under the United States Securities Act of 1933, as amended, nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of South Africa, Japan, the Republic of Ireland or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, the Republic of South Africa, Japan, the Republic of Ireland or to any national, citizen or resident of the United States of America, Canada, Australia, the Republic of South Africa, Japan or the Republic of Ireland. The distribution of this Document in certain jurisdictions may be restricted by law. No action has been taken by the Company or by Cairn Financial Advisers LLP or Hybridan LLP that would permit a public offer of Ordinary Shares or possession or distribution of this Document where action for that purpose is required. Persons into whose possession this Document comes should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Holding Ordinary Shares may have implications for overseas shareholders under the laws of the relevant overseas jurisdictions. Overseas shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

## **FORWARD-LOOKING STATEMENTS**

Certain statements in this Document are forward-looking statements. These forward-looking statements are not based on historical facts but rather on the Directors' expectations regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, planned exploration and development activity and the results of such activity, business prospects and opportunities. Such forward-looking statements reflect Directors' current beliefs and assumptions and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. These forward-looking statements are subject to, *inter alia*, the Risk Factors described in Part II of this Document. Although the forward-looking statements contained in this Document are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

# CONTENTS

	<i>PAGE</i>
<b>PLACING STATISTICS</b>	<b>2</b>
<b>EXPECTED TIMETABLE OF PRINCIPAL EVENTS</b>	<b>2</b>
<b>DIRECTORS, SECRETARY AND ADVISERS</b>	<b>3</b>
<b>DEFINITIONS</b>	<b>5</b>
<b>GLOSSARY OF KEY TERMS</b>	<b>10</b>
<b>PART I    INFORMATION ON THE GROUP</b>	<b>11</b>
<b>PART II    RISK FACTORS</b>	<b>19</b>
<b>PART III   ACCOUNTANT'S REPORT AND FINANCIAL INFORMATION ON THE GROUP</b>	<b>22</b>
<b>PART IV    PRO FORMA STATEMENT OF NET ASSETS</b>	<b>47</b>
<b>PART V    ADDITIONAL INFORMATION</b>	<b>48</b>

## PLACING STATISTICS

Placing Price (per share)	8 pence
Number of Existing Ordinary Shares in issue before Admission	54,628,698
Number of new Ordinary Shares issued pursuant to the Placing	9,375,000
Number of Sale Shares	466,875
Number of Ordinary Shares in issue following the Placing on Admission	64,003,698
Percentage of the Enlarged Share Capital subject to new Ordinary Shares issued pursuant to the Placing	14.6 per cent.
Number of Ordinary Shares under option or warrant following the Placing and Admission	9,350,000
Number of Ordinary Shares on a fully diluted basis following the Placing and Admission*	73,353,698
Estimated Net Proceeds	£530,000
Gross proceeds of the Placing receivable by the Selling Shareholder	£37,350
Market capitalisation of the Company on Admission at the Placing Price	£5,120,296
AIM symbol	OMIP
International Security Identification Number (“ISIN”)	GB00B1DRDZ07

*\*on the basis that all options and warrants in existence on Admission have been exercised*

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

**2013**

Publication of this Document	10 April
Admission and commencement of dealings on the London Stock Exchange	8.00 a.m. on 18 April
CREST accounts expected to be credited by	18 April
Despatch of definitive share certificates by	18 April

*Note: All references to times in this timetable are to London times. The times and dates may be subject to change.*

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	<u>Michael</u> Antony Infante JP - <i>Chairman and Chief Executive Officer</i> <u>Nigel</u> Smethers MA Cantab F.C.A. - <i>Finance Director</i> <u>Roman</u> Poplawski - <i>Non-Executive Director</i> <u>Scott</u> Robert Cohen - <i>Non-Executive Director</i>
<b>Company Secretary</b>	Nigel Smethers MA Cantab FCA
<b>Registered Office And Principal Operating Address</b>	Pinewood Studios 623 East Props Building Goldfinger Avenue, Pinewood Road Iver Heath Buckinghamshire SL0 0NH United Kingdom
<b>Telephone Number</b>	01753 785 500
<b>Website</b>	<a href="http://www.onemediaip.com">www.onemediaip.com</a>
<b>Nominated Adviser</b>	<b>Cairn Financial Advisers LLP</b> 61 Cheapside London EC2V 6AX United Kingdom
<b>Broker</b>	<b>Hybridan LLP</b> Warnford Court 29 Throgmorton Street London EC2N 2AT United Kingdom
<b>Solicitors to the Company</b>	<b>Hamkins LLP</b> Roxburghe House 273-287 Regent Street London W1B 2AD United Kingdom
<b>Solicitors to the Placing</b>	<b>Gowlings (UK) LLP</b> 15 <sup>th</sup> Floor 125 Old Broad Street London, EC3N 2LR United Kingdom
<b>Auditors and Reporting Accountants</b>  <i>(Registered as auditors by the Institute of Chartered Accountants in England and Wales)</i>	<b>James Cowper LLP</b> 3 Wesley Gate Queen's Road, Reading Berkshire RG1 4AP United Kingdom

**Investor Relations**

**Tavistock Communications Limited**

131 Finsbury Pavement  
London EC2A 1NT  
United Kingdom

**Principal Bankers**

**Barclays Bank Plc**

Media Centre  
27 Soho Square  
London W1D 3QR  
United Kingdom

**Registrars**

**Share Registrars Limited**

9 Lion and Lamb Yard  
Farnham  
Surrey GU9 7LL  
United Kingdom

## DEFINITIONS

The following definitions apply throughout this Document unless the context otherwise requires:

“1985 Act”	the Companies Act 1985
“Act”	the Companies Act 2006, as amended
“Admission Document” or “Document”	this document
“Admission”	the admission of the entire issued and to be issued ordinary share capital of the Company to trading on AIM becoming effective in accordance with the AIM Rules for Companies
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules for Companies”	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published by the London Stock Exchange from time to time
“AIM Rules for Nominated Advisers”	the rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published by the London Stock Exchange from time to time
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers
“Articles”	the articles of association of the Company for the time being, a summary of which is set out in paragraph 3 of Part V of this Document
“Board” or “Directors”	the current directors of the Company, whose names are set out on page 3 of this Document
“Broker” or “Hybridan”	Hybridan LLP, the Company’s broker
“Business Day”	any day (other than a Saturday, Sunday or a public holiday) on which banks are generally open in the City of London for the transaction of normal banking business
“Buyback Agreement”	an agreement between the Company, Square Mile Securities Limited (in liquidation) and Asher Miller dated 17 November 2010
“Cairn”	Cairn Financial Advisers LLP, the Company’s nominated adviser

“Certificated” or “in Certificated Form”	a share or other security recorded on the relevant register of the relevant company as being held in certificated form and title to which may be transferred by means of a stock transfer form
“Company”	One Media iP Group Plc of (company number 05799897) a company incorporated under the laws of England and Wales whose registered office is located at Office 623, East Props Building, Goldfinger Avenue, Pinewood Road, Iver Heath, Bucks SL0 0NH
“Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council in September 2012
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended
“CREST”	the computerised settlement system to facilitate the transfer of title of shares in uncertificated form operated by Euroclear
“Disclosure and Transparency Rules”	the rules and regulations made by the FCA in its capacity as the UKLA under Part VI of FSMA, as amended, and contained in the UKLA publication of the same name
“EMI Options”	the outstanding options to subscribe for Ordinary Shares, pursuant to the Share Option Plan in accordance with Chapter 9 of Schedule 5 of Income Tax (Earnings and Pensions) Act 2003 details of which are set out in paragraph 4 of Part V of this Document
“Enlarged Share Capital”	the enlarged share capital of the Company upon Admission, comprising the Existing Ordinary Shares and the 9,375,000 new Ordinary Shares issued pursuant to the Placing
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registration number 2878738, whose registered address is at 33 Cannon Street, London EC4M 5SB
“Existing Ordinary Shares”	the 54,628,698 Ordinary Shares in issue as at the date of this Document
“Financial Conduct Authority” or “FCA”	the United Kingdom Financial Conduct Authority
“FSMA”	the Financial Services and Markets Act 2000 of the United Kingdom, as amended
“GAAP”	UK generally accepted accounting principles



“Group”	the Company and its wholly owned subsidiaries
“HMRC”	Her Majesty’s Revenue & Customs
“IFRS”	the International Financial Reporting Standards as adopted by the International Accounting Standards Board
“ISDX Rules”	the rules imposed by ICAP Securities and Derivatives Exchange Limited on Companies whose shares are admitted to trading on ISDX or which seek to be admitted to such
“ISDX”	the ICAP Securities and Derivatives Exchange operated by ICAP Securities and Derivatives Exchange Limited (formerly PLUS)
“ISIN”	International Security Identification Number
“Lock-in Agreements”	the lock-in agreements described in paragraph 9.6 of Part V of this Document
“London Stock Exchange”	London Stock Exchange Plc
“Net Proceeds”	net proceeds of the Placing after the deduction of expenses of Admission (including commissions)
“Official List”	the list maintained by the UKLA in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA
“Options”	options to subscribe for Ordinary Shares granted to Directors and certain employees pursuant to the Share Option Plan, further details of which are set out in paragraph 4 of Part V of this Document
“Ordinary Shares”	ordinary shares of £0.005 each in the capital of the Company
“Placees”	investors to whom Placing Shares are issued pursuant to the Placing
“Placing”	the conditional placing by Hybridan LLP on behalf of the Company and the Selling Shareholder of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the agreement dated 10 April 2013 between the Company, the Directors, the Selling Shareholder, Cairn and Hybridan relating to the Placing, details of which are set out at paragraph 9.3 of Part V of this Document
“Placing Price”	8 pence per Placing Share

“Placing Shares”	9,841,875 Ordinary Shares, comprising 9,375,000 new Ordinary Shares and 466,875 Existing Ordinary Shares to be issued or transferred to the Placees pursuant to the Placing
“PLUS”	the PLUS SX Market for Growth Companies, the former name of ISDX
“Registrar”	Share Registrars Limited, the registrar to the Company
“Sale Shares”	the 466,875 Ordinary Shares being sold to Placees by the Selling Shareholder pursuant to the Placing
“Selling Shareholder”	Michael Antony Infante
“Share Option Plan”	the share option plan adopted by the Company on the 18 April 2011 which provides for the issue of options to subscribe for Ordinary Shares up to a limit of 10% of the Company’s total issued share capital on a diluted basis either as approved EMI Options granted in accordance with Chapter 9 of Schedule 5 of Income Tax (Earnings and Pensions) Act 2003 or Unapproved Options
“Shareholders”	the persons who are registered as holders of the Ordinary Shares
“Sterling” or “£”	the legal currency of the UK
“Subsidiary Undertakings”	(1) One Media iP Limited a company incorporated in England and Wales with registration number 05536271, (2) Collecting Records LLP a limited liability partnership incorporated in England and Wales with registration number OC307927, (3) One Media Intellectual Property Limited a company incorporated in England and Wales with registration number 08224199, and (4) One Media Publishing Limited a company incorporated in England and Wales with registration number 08212318
“Substantial Shareholder”	any person who, on Admission, holds any legal or beneficial interest directly or indirectly in 10 per cent. or more of the Enlarged Share Capital or voting rights of the Company, as defined by the AIM Rules for Companies
“Takeover Code”	the City Code on Takeovers and Mergers
“Takeover Panel”	the Panel on Takeovers and Mergers
“the Orchard”	Orchard Enterprises NY, Inc.
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the United Kingdom Listing Authority, being the FCA acting in its capacity as the competent authority for the purposes of Part VI of FSMA

“Unapproved Options”	options to subscribe for Ordinary Shares which do not fall within the remit of Chapter 9 of Schedule 5 of Income Tax (Earnings and Pensions) Act 2003
“Uncertificated” or “in Uncertificated Form”	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“US” or “United States”	the United States of America, its territories and possessions, any states of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
“US\$”	the legal currency of the US
“VAT”	value added tax
“VCT Placing Shares”	Placing Shares that are VCT qualifying
“VCT”	venture capital trust
“Venture Capital Trust Scheme Qualifying Company”	a Company that is VCT qualifying
“Warrant holders”	the holders of the Warrants
“Warrants”	the warrants granted to certain directors and employees, further details of which are set out at paragraph 9.10 of Part V of this Document
“Whitewash Circular”	the circular to shareholders of the Company dated 18 November 2010
“Whitewash”	the waiver of obligations under Rule 9 of the Code as described in the Whitewash Circular

## GLOSSARY OF KEY TERMS

The following terms have been used throughout this Document and apply as follows unless the context otherwise requires:

“B2B”	describes commercial transactions that take place between businesses
“B2C”	describes commercial transactions that take place between a business and the end user of the product
“catalogue”	a term widely used in the music industry, referring to collection of musical compositions that is an itemised list of record companies offerings that may vary from time to time
“DAT”	Digital Audio Tape, a recording and playback medium
“eBook”	an electronic version of a publication length book in digital form
“ingestion”	the Group Company’s process of incorporating new tracks into their digital catalogue
“metadata”	a form of storing information about the contents of that media within the digital media itself
“music majors”	the major global record companies comprising Warner Music, Sony Music Entertainment, EMI Records, Universal and BMG
“Smart TV”	a television with integrated internet connectivity allowing for enhanced media capabilities
“Studio Amplex Tape”	the professional medium in which sound recordings were captured in the studio environment and stored and used in transporting sound recordings for the manufacture of records
“synchronisation”	the licensing of tracks for use in television, films and advertisements
“track”	An individual sound recording containing all the elements required for a complete musical or spoken word performance
“YouTube Content Management System” or “CMS”	the interface into the YouTube Content ID System, a suite of copyright management tools that helps owners identify and manage content on YouTube

# PART I

## INFORMATION ON THE GROUP

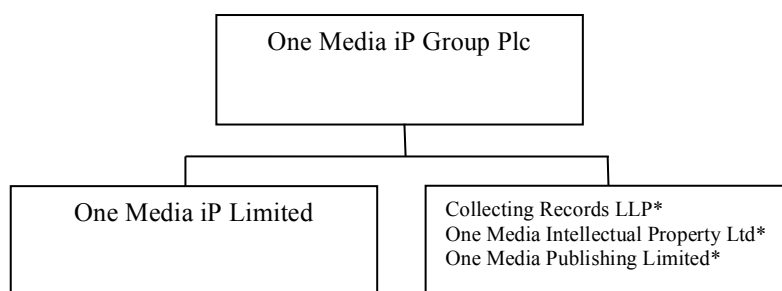
### 1. Introduction

The Group is a B2B and B2C digital content provider, exploiting intellectual property rights around music and video. The Group specialises in acquiring and repackaging nostalgic music and TV programmes from recordings made over the last 90 years. The Group operates from its offices at Pinewood Studios and delivers digital music and video content via aggregators to over 600 online digital stores such as iTunes, Spotify, Amazon and YouTube. Consumers download or stream the content via PCs, smart phones, internet-enabled radios and music players and Smart TVs.

### 2. History and Group Structure

The Group was founded in 2005 by Michael Infante, the Group's Chairman and Chief Executive Officer, with a strategy to acquire mixed media content and digitise this media to exploit the shift from physical to digital formats.

The diagram below sets out the Group structure.



\*dormant

The Ordinary Shares are currently traded on ISDX, having been admitted to PLUS in September 2006.

### 3. Description of the Group's activities

The Group's principal activity is the acquisition and exploitation of mixed media intellectual property rights including music, video and spoken word and digital books. The Group also licenses its music content (on an *ad hoc* basis) for use in TV and film, advertising, video games and corporate websites.

Initially, the Group focused on music catalogue acquisition which later expanded to video, eBooks and spoken word as the popularity of these formats and access to technology grew. The Directors believe these additional formats will have strong future potential.

#### **Music**

The Group's music catalogue is made up of mainstream music from the last 90 years and has evolved through the acquisition of catalogues.

To date, the Group has acquired approximately 80 catalogues and the Directors estimate that the Group owns and/or controls the rights to over 170,000 tracks dating from the 1920s, with a broad genre-mix. Recordings range from The Troggs and The Sex Pistols to Pavarotti and Mozart, with the main focus on nostalgia and classical music. Bands and artists in the track library include The Tremeloes, Katrina (formerly of the Waves), Edwin Starr, Johnny Bristol, Mungo Jerry, Evelyn Thomas, Gloria Gaynor, The Troggs, John Walker of The Walker Brothers, Louis Armstrong and the King Singers.

The Group has built its library of content of recognisable artists and recordings and it does not invest or promote unknown artists or new bands, rather investing and focusing on artists' recordings with a proven track record. The catalogue provides the Group with a diversified revenue stream. The tracks are actual 'recorded performances', typically acquired from bands, producers, record labels and family estates.



## Video

The Group acquired its first video content in 2006. During 2012, the Group increased its video content and invested in programming to enhance its video library. The library currently consists of over 5,000 varying programmes including “The Unforgettables” (a 50s, 60s and 70s music show made for Channel 4 in the 1980s), 20 early episodes of the “Sooty Show” (first screened between 1950 and 1970) and 22 episodes of Gerry Anderson’s cult TV show “Dick Spanner.”

In December 2012, the Group announced that it had acquired the entire library of rights from Granada Television Productions Limited and ITV Digital Channels Limited of “Men & Motors” which comprise a portfolio of approximately 1,600 hours of programming and over 3,000 different episodes from a variety of popular shows from the Men & Motors catalogue of rights. The episodes were originally aired between 1996 and 2010.

The “Men & Motors” portfolio includes:-

*Motor Mania* presented by Richard Hammond, *Car Crazy Rio* featuring Jeremy Clarkson, *Jordan's Fantasies*, *Caprice: Supermodel Special*, *100 Most Popular Cars Ever* presented by John Inverdale, *The Vinnie Jones Show*, *Stars in their Cars* featuring Daley Thompson, Eamonn Holmes and John McCririck.

In addition, the library features hundreds of hours of motoring special interest programming, including: original Mini racing, the history of the VW Beetle, customising road cars, monster truck racing, Caterham car racing, trucks & truckers, bikers and their dream machines and Mods on scooters.

The Group is seeking to derive value from this catalogue and the others in its library by repackaging it for sale across a variety of digital platforms world-wide, including YouTube and iTunes, and for re-broadcast on traditional TV stations and the licencing of traditional record/video labels for the purpose of manufacturing physical CDs/DVDs.

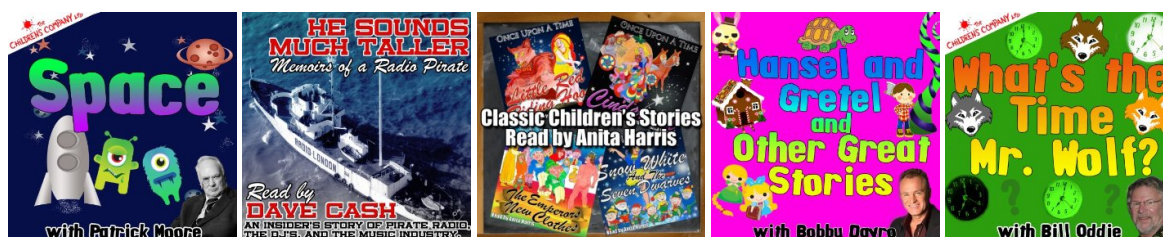
In the Directors’ opinion, Internet TV is a significant opportunity for the Group.



## Spoken word recordings and eBooks

The Group owns or controls the rights over certain Spoken Word recordings, including over 50 hours of recordings performed by Rik Mayall, Anita Harris, Bobby Davro, Lenny Henry, Judi Dench and Patrick Moore which are available via all the digital stores to which the Company distributes. It is the Group’s intention that many of these recordings will be made available as eBooks for Kindle via Amazon as the scripts are converted and illustrated. In addition the Group plans to animate selected stories for viewing on YouTube in the near future.

‘Special Interest’ content has also been made available to both download and streaming sites served by the Group. A selection of “humour” recorded at the Jongleurs comedy clubs, has now been made available as well as an unabridged version of the King James Bible.



### ***Sales, production and operations***

In the year to 31 October 2012, approximately 95 per cent. of the Group’s turnover was derived from digital music sales with the balance being generated from traditional licensing, with agreements in place with the music majors, and from the licensing of tracks for use in television, films and advertisements (synchronisation).

Following the acquisition of a catalogue, the first part of the production process is to ingest the content onto the Group’s systems. The music asset is delivered to the Group in a variety of older formats ranging from ‘Compact Disc’, ‘Digital Audio Tape (DAT)’, ‘Vinyl Record’ or ‘Studio Ampex Tape’ – each track is converted into a manageable digital format and uploaded and tagged with the required data (metadata). This metadata includes information such as name of artist, song title, composer, publisher, year of release, genre, lyrics and key words thus enabling the Group to compile albums along themes such as genre, artist or era. Once ingested, the Group’s creative technicians create a flow of new albums. Having decided on a concept or theme for an album, the creative technicians select the relevant tracks and prepare the graphics for the digital album using images either owned by the Group or licensed in from third parties. The finished digital albums are then uploaded via the Group’s mass storage servers (located in Pinewood Data Centre on site) to ‘The Orchard’s’ mass storage systems in New York for distribution onto the 200 or more online providers such as iTunes, Amazon or Spotify worldwide.

The Group distributes its content to established online media providers such as iTunes, Amazon and Spotify via an agreement with ‘The Orchard’, an aggregator and distributor to established download sites.

The Orchard, founded in 1997, is partly owned by Sony and is a music and video distribution company operating in more than 20 global markets providing an innovative and comprehensive sale and marketing platform for content owners. Scott Cohen, a co-founder of The Orchard, is a Non-executive Director of the Company.

The Group’s video content is currently distributed primarily through YouTube although it does have content available via other stores. The Directors believe that ease of access to high speed internet connections and mobile data plans coupled with the portable media player, smart phone and smart TV market will stimulate demand for video content in the next two years. The creative technicians take delivery of the video assets in the same ways as music. The digital encoded ‘footage’ is sequenced into viewing programmes and monetised directly through YouTube’s advertising funded ‘Content Management System (CMS)’ directly with the store. Every time a ‘viewer’ selects to watch a programme a commercial will appear on the footage and the Group receives a payment.

## **4. Directors and Senior Management**

A brief biography for each of the Directors is set out below.

**Michael Antony Infante, aged 56**  
*Chairman and Chief Executive Officer*

Michael started his career in 1976 in the food industry working for his family's business, Creamery Fare. In 1988, after jointly orchestrating the sale of his family's business to the publicly listed Hazlewood Foods PLC, he

joined the music industry. He worked on the Royal Philharmonic Orchestra's largest recording project as the executive producer for over 140 classical albums recorded at CTS studios in London.

In 1995 Michael co-founded Air Music & Media Group PLC (now MBL Plc), which was admitted to trading on the OFEX market (the former name of PLUS) in 2000 and subsequently moved to AIM in 2001. Recognising the emerging digital market in 2005, Michael founded the Company.

Michael oversees the Company's acquisition programme having introduced an acquisition policy for nostalgic audio/visual content and has made over 80 acquisitions to date of small music and TV content catalogues. Michael is a serving Justice of the Peace for the West London Local Justice Area.

**Nigel Smethers, aged 61**

*Finance Director*

Nigel graduated from Cambridge University in 1974 and qualified as a Chartered Accountant with Price Waterhouse in 1978. He became a Fellow of The Institute of Chartered Accountants in 1984. After leaving Price Waterhouse in 1980 Nigel worked in various financial roles for Whitbread, British Home Stores and Alto Limited. In 1991 Nigel established his own business, initially with SME clients including a number of university spin-out companies. From 2000 to late 2012, his primary engagement was with the AIM quoted Toumaz Limited (formerly Toumaz Technology Holdings Limited). Nigel worked directly for the Finance Director and during this time was involved in company private placements, group forecasting and management reporting, acquisition due diligence and financial reporting, under both GAAP and latterly IFRS for the AIM-quoted group holding company.

Nigel initially joined the Group in May 2008 as part-time Finance Director, increasing his time commitment until joining full-time in January 2013. Nigel is a member of the Quoted Companies Alliance Financial Reporting Expert Group.

**Roman Poplawski, aged 48**

*Non-executive Director*

Roman, a Barrister, was called to the Bar in 1989. His professional career began in Chambers in London and he is presently a Tenant at 33 Bedford Row where his practice is predominantly civil based with a focus on commercial and copyright matters. In the 1990s Roman was heavily involved in Eastern European privatisation work, particularly Poland, and his linguistic skills have allowed him to become involved in several major cross border matters. Roman has had a professional association with the Group since 2008 and has gained a specific and targeted insight into the music industry from an 'insider's perspective' and his expertise provides a solid and expert governance role for the board. Roman is a member of the Company's Audit and Remuneration Committees.

**Scott Robert Cohen, aged 47**

*Non-executive Director*

Scott is the co-founder of the digital distribution company The Orchard which is a major digital distributor. As a well-recognised public speaker and lecturer, Scott travels the world promoting new business models for the digital age. He is a visiting professor at London Metropolitan University and sits on the British Phonographic Industry Council. Scott is a member of the Company's Remuneration and Audit Committees.

## **5. Financial Information**

Set out in Part III of this Document is an accountant's report and financial information on the Group for the 3 year period from 1 November 2009 to 31 October 2012.

Set out in Part IV of this Document is an unaudited pro forma statement of net assets of the Group illustrating how the Placing and Admission might have affected the net assets of the Group had they occurred on 31 October 2012.



## 6. Historical Trading and Financial Position

The table below highlights key financial data from the audited results for the Group for each of the three years ended 31 October 2010, 2011 and 2012.

	As at 31 October		
	2010	2011	2012
	£	£	£
Revenue	1,454,320	1,662,516	2,089,841
Gross profit	760,704	914,654	1,106,467
Operating profit	245,796	330,845	427,674
Profit on ordinary activities before taxation	249,732	330,810	427,888
Basic earnings per share	0.20p	0.49p	0.73p
Diluted earnings per share	0.17p	0.35p	0.62p
Total assets	1,901,226	1,642,007	2,264,312
Total liabilities	678,153	416,719	633,153
Total equity	1,223,073	1,225,288	1,631,159

The information has been extracted from Part III of this Document which should be reviewed in full.

## 7. Reasons for Admission and Use of Proceeds

The Company is seeking to move from ISDX to AIM in order to take advantage of AIM's high profile, broad investor base, liquidity and access to institutional investors for the Placing and future fund raising.

The net proceeds of the Placing after deducting expenses of Admission and the Placing are estimated to be £530,000. The Company intends to use the Placing proceeds to finance the purchase of larger catalogues than it has previously acquired as may become available.

## 8. Current Trading, Future Prospects and Significant Trends

Since 31 October 2012, the date of the last audited financial statements and accounts, there has been no material change in the trading, future prospects or variation in significant trends in the Group.

## 9. Admission to AIM and Dealings in Ordinary Shares

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on 18 April 2013. No application has been or is intended to be made for the Warrants to be admitted to trading on AIM.

Cairn has been appointed as the Company's nominated adviser and Hybridan has been appointed as the Company's broker in relation to Admission. Further details on Cairn's and Hybridan's engagements are set out at paragraphs 9.1 and 9.2 respectively of Part V of this Document.

## **10. Details of the Placing**

The Company has raised £750,000 (before commission and expenses) by the issue of the new Ordinary Shares issued pursuant to the Placing at the Placing Price. Gross proceeds of the Placing receivable by the Selling Shareholder will amount to £37,350.

Hybridan has conditionally agreed, pursuant to the Placing Agreement and as agent for the Company and the Selling Shareholder, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing Shares are being placed with institutional and other investors. The 9,375,000 new Ordinary Shares issued pursuant to the Placing will represent 14.6 per cent. of the Enlarged Share Capital. The Placing has not been underwritten and is conditional, *inter alia*, on Admission occurring by 18 April 2013 and in any event no later than 31 May 2013 and on the Placing Agreement not being terminated. Further details of the Placing Agreement are set out in paragraph 9.3 of Part V of this Document. The Placing Agreement contains certain warranties from the Company and the Directors in favour of Cairn and Hybridan in relation, *inter alia*, to the accuracy of the information contained in this Document and certain matters relating to the Company.

In the case of Placees requesting Placing Shares in Uncertificated Form, it is expected that the appropriate stock accounts of Placees will be credited on or around 18 April 2013. In the case of Placees requesting Placing Shares in certificated form, it is expected that certificates in respect of the Placing Shares will be despatched by post within seven days of the date of Admission.

## **11. Lock-in and Orderly Market Agreements**

Each of the Directors (including all Related Parties and Applicable Employees (as such terms are defined in the AIM Rules for Companies)) have undertaken to the Company, Cairn and Hybridan that, other than in certain limited circumstances, they will not dispose of any interest they hold in Ordinary Shares for a period of 12 months following Admission. Furthermore, for a period of 12 months following the expiry of the initial 12 month period, they shall only dispose of an interest in Ordinary Shares having first obtained the consent of their nominated adviser and broker or their successors. Further details of the lock-in arrangements are set out in paragraph 9.6 of Part V of this Document.

## **12. Options and Warrants**

As at the date of Admission, the Company has 5,750,000 Options and 3,600,000 Warrants in issue over Ordinary Shares, further details of which are set out at paragraphs 7 and 9.10 of Part V of this Document.

## **13. Dividend Policy**

The Company has declared and paid a dividend in previous years. The Directors will consider on a semi-annual basis whether to declare and pay a dividend, depending on cash resources and alternative use of excess cash funds available to the Group.

## **14. Corporate Governance**

The Directors support the highest standards of corporate governance and intend to observe the requirements of the Corporate Governance Code to the extent they consider appropriate in light of the Company's size, stage of development and resources and to take into account the Quoted Companies Alliance Corporate Governance Guidelines for AIM Companies.

The Company will hold timely board meetings periodically and as issues arise which require the attention of the Board. The Board is responsible for the management of the business of the Company, setting the strategic direction of the Group and establishing the policies of the Company. It is the Board's responsibility to oversee the financial position of the Company and monitor the business and affairs of the Company on behalf of the Shareholders, to whom the Directors are accountable. The primary duty of the Board is to act in the best interests of the Company at all times. The Board also addresses issues relating to internal control and the Group's approach to risk management.

The Company has also established a remuneration committee ("the Remuneration Committee") and an audit committee ("the Audit Committee") with formally delegated duties and responsibilities.

The Remuneration Committee, which will comprise Scott Cohen as Chairman and Roman Poplawski, will be responsible for the review and recommendation of the scale and structure of remuneration for senior management, including any bonus arrangements or the award of share options with due regard to the interests of the Shareholders and the performance of the Company.

The Audit Committee, which will comprise Roman Poplawski as Chairman and Scott Cohen will meet not less than twice a year. The Audit Committee will be responsible for making recommendations to the Board on the appointment of auditors and the audit fee and for ensuring that the financial performance of the Company is properly monitored and reported. In addition, the Audit Committee will receive and review reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Company.

The Company has adopted and will operate a share dealing code governing the share dealings of the Directors and applicable employees with a view to ensuring compliance with the AIM Rules for Companies.

## **15. CREST**

The Company's Articles permit the Company to issue shares in Uncertificated Form in accordance with the Act. The Company's shares are already admitted to CREST.

## **16. Taxation**

General information regarding UK taxation is set out in paragraph 14 of Part V of this Document. These details are intended only as a general guide to the current tax position under UK taxation law. If an investor is in any doubt as to his tax position he should consult his own independent financial adviser immediately.

Investors subject to tax in other jurisdictions are strongly urged to contact their tax advisers about the tax consequences of holding Ordinary Shares.

## **17. Takeover Code and Companies Act**

The Takeover Code applies to the Company.

On 17 December 2010 at a General Meeting held by the Company the terms of the Whitewash, a waiver of the obligation of Michael Infante to make a mandatory offer for the entire share capital of the Company was granted in respect of Mr Infante's interest up to 54.2 per cent. of the Company's issued share capital.

Immediately following Admission Mr Infante will have an interest over 25,577,682 Ordinary Shares, representing approximately 40.0 per cent. of the Enlarged Share Capital.

In addition, as at the date of this Document, Mr Infante also has an interest over 500,000 Options and 4,000,000 Warrants, which were granted or varied following the Whitewash, therefore, the waiver does not apply to them.

Further disclosure in relation to Michael Infante's interest is set out in paragraph 7 of Part V of this Document.

Mr Infante has undertaken not to exercise the Options or Warrants held by him at any time when such exercise would trigger a mandatory bid for the Company under Rule 9 of the Takeover Code.

Under Rule 9 of the Takeover Code, when (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which, taken together with shares in which he and persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code, or (ii) any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company, but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any shares which increases the percentage of the shares carrying voting rights in which he is interested, then in either case, that person is normally required to make a general offer in cash for all the remaining equity share capital of the Company at the highest price paid by him, or any person acting in concert with him, for shares in the company within the twelve months prior to the announcement of the offer.

Under the Act, if an offeror were to acquire 90 per cent. or more of the Ordinary Shares within the period specified by the Act, it could then compulsorily acquire the remaining Ordinary Shares. It would do so by sending a notice to the relevant Shareholders telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold such consideration on trust for such Shareholders.

The consideration offered to Shareholders whose Ordinary Shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the relevant takeover offer, unless such Shareholders can show that the offer value is unfair.

The Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relates to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror holds or has agreed to acquire not less than 90 per cent. of the Ordinary Shares, any holder of Ordinary Shares to which such offer relates who has not accepted the offer can by written communication to the offeror require it to acquire those Ordinary Shares. The offeror would be required to give any Shareholder notice of his right to be bought out within one month of that right arising. If a Shareholder exercises its right to be bought out, the offeror is bound to acquire the relevant Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

## **18. Further Information and Risk Factors**

Shareholders and other prospective investors should read the whole of this Document which provides additional information on the Company and the Placing and not rely on summaries or individual parts only. In particular, the attention of prospective investors is drawn to Part II which contains a summary of the risk factors relating to an investment in the Company.

## **PART II**

### **RISK FACTORS**

Potential investors should be aware of and carefully consider the factors and risks associated with any investment in the Company, the Group's business and the industry in which it operates (as described below), together with all other information contained in this Document before making a decision to invest in the Company. Accordingly, you are strongly recommended to consult an investment adviser authorised under the FSMA, who specialises in the acquisition of shares and other securities, before making a decision to invest.

If any of the following risks actually occur, the Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Company's Ordinary Shares could decline and investors could lose all or part of their investment. The information set out below does not constitute an exhaustive summary of the risks affecting the Group and is not set out in any order of priority.

In addition to the other information in this Document, the Board considers the following risk factors are of particular relevance to the Group's activities and to any investment in the Company. It should be noted that this list is not exhaustive and that additional risks and uncertainties not presently known to the Board or which its members currently believe to be immaterial may also have an adverse effect on the Company. Any one or more of these risk factors could have a materially adverse impact on the value of the Company and should be taken into consideration when assessing the Company. The Ordinary Shares should be regarded as a highly speculative investment and an investment in Ordinary Shares should only be made by those with the necessary expertise to fully evaluate the investment. There can be no certainty that the Company will be able to implement successfully the strategy set out in this Document. No representation is or can be made as to the future performance of the Group and there can be no assurance that the Company will achieve its objectives. No inference ought to be drawn as to the order in which the following risk factors are presented as to their relative importance or potential effect.

#### **COMPANY SPECIFIC RISK FACTORS**

##### *Reliance on key personnel*

The Group is dependent on the knowledge, expertise and experience of its key personnel and, specifically, that of Michael Infante, the Group's founder, Chairman and Chief Executive Officer. In total, the Group employs fewer than 15 people. In the event that a key member of the team was to leave the employment of the Group this could lead to significant disruption and could have a material impact on the future profitability of the Group.

##### *Reliance on The Orchard – concentration of distribution risk*

In the financial year ending 31 October 2012 approximately 94 per cent. of the Group's turnover was channelled via The Orchard, the distribution aggregator that the Group uses to sell its content to end-user download and streaming sites such as iTunes and Spotify. In the event that The Orchard agreement was terminated or that The Orchard ceased to operate, this could have a material impact on the Group's operations and profitability, whilst the Group changed its systems to work either with a new aggregator or trade directly with the end-user distribution sites.

##### *Rights acquired may not be wholly exclusive*

The Group has acquired a large number of catalogues of music, video and spoken word since its formation. It is not uncommon for rights attached to such catalogues to have been previously transferred prior to the Group's acquisition of such rights. A risk exists that the title to such rights may be challenged in which event, the Group may have to forego potential revenue and/or incur legal costs whilst securing exclusive title.

##### *Sales of digital content*

Digital stores may at their discretion delist or remove tracks, albums or content from their store, without any prior notice to the Group. If this was to occur it could have a detrimental effect on the Group's revenue growth.

#### *Piracy*

Piracy or the illegal download of content from the internet could have a detrimental impact on the Group's growth plans.

#### *Currency – revenues received in US\$*

In the financial year to 31 October 2012 approximately 95% of the Group's turnover was generated in US dollars, whilst the majority of the Group's costs are denominated in Sterling. The Group is therefore exposed to the US\$/£ exchange rate and so any material adverse movement in this exchange rate could have a material financial impact on the Group.

#### *Market dominance of Big 4*

The Group operates in a market dominated by established traditional companies such as EMI, Universal, Warner and Sony (the "Big 4"). The Big 4 own or have the rights to a vast amount of content, a large amount of which may be similar to that owned or exploited by the Group. There is a risk that the Big 4 could exploit their recognised brands and use their marketing budgets to compete with the Group's targeted market, the consequence of which could lead to reduced sales and profitability for the Group.

#### *Digital retailers' pricing policy changes*

The Group is dependent upon digital retailers such as Spotify and iTunes in order to sell its products in the digital market place. There is a risk that digital retailers could change their pricing policies or terms of sale to the detriment of the Group. Such changes could have a material adverse effect on the Group's future financial performance.

### **RISKS RELATING TO THE ORDINARY SHARES**

#### *Fluctuations in the price of Ordinary Shares*

The market price of the Ordinary Shares may be subject to fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, general economic conditions, legislative changes in the Company's sector and other events and factors outside of the Company's control.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Ordinary Shares.

The value of Ordinary Shares may go down as well as up. Investors may therefore realise less than or lose all their original investment.

#### *Liquidity of the Ordinary Shares*

The price of the Ordinary Shares may be volatile, influenced by many factors, some of which are beyond the control of the Company, including the performance of the overall stock market, other shareholders buying or selling large numbers of shares, changes in legislation or regulations and general economic conditions. Therefore, a return on an investment in the Ordinary Shares cannot be guaranteed.

Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares. AIM is a market designed primarily for emerging or smaller companies and the rules of this market are less demanding than the Official List. The future success of AIM and liquidity in the market for Ordinary Shares cannot be guaranteed. In particular, the market for Ordinary Shares may become or may be relatively illiquid and therefore such Ordinary Shares may be or may become difficult to sell. It may be more difficult for an investor to realise their investment in the Company than in a company whose shares are quoted on the Official List.

#### *Suitability of Ordinary Shares as an investment*

The Ordinary Shares may not be suitable for all the recipients of this Document. Before making a final decision, investors are advised to consult an investment adviser authorised through the Financial Services and Markets Act 2000 or another appropriately qualified professional adviser who specialises in advising on the acquisition of shares and other securities.

#### *Dilution of shareholders' interest as a result of additional equity fundraising*

The Group may need to raise additional funds in the future to finance, amongst other things, working capital, expansion of the business, new developments relating to existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may also experience subsequent dilution and/or such securities may have preferred rights, options and pre-emption rights senior to the Ordinary Shares. The Company may also issue shares as consideration shares on acquisitions or investments which would also dilute Shareholders' respective shareholdings.

#### *Dividends*

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Shareholders or, in the case of interim dividends to the discretion of the Directors, and will depend upon, amongst other things, the Company's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

Although the Board intends to pay dividends to Shareholders in the future, there can be no assurance that the Company will declare and pay, or have the ability to declare and pay, any dividends on the new Ordinary Shares (or the Ordinary Shares) in the future.

#### *Realisation of investment*

Potential investors should be aware that the value of the Ordinary Shares and income from these Ordinary Shares can go down as well as up and that Admission should not be taken as implying that there will be a liquid market in the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise.

In the event of a winding up of the Company, the Ordinary Shares will rank behind any liabilities of the Company and therefore any return for Shareholders will depend on the Company's assets being sufficient to meet prior entitlements of creditors.

#### *Forward looking statements*

This Document contains forward-looking statements that involve risks and uncertainties. The Company's results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Company, which are described above and elsewhere in the Document. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Company's business.

# **PART III**

## **ACCOUNTANT'S REPORT AND FINANCIAL INFORMATION ON THE GROUP**



Accountants & Business Advisers

### **Section A – Accountant's report**

James Cowper LLP

3 Wesley Gate  
Queen's Road  
Reading  
Berks  
RG1 4AP

The Directors on behalf of  
One Media iP Group Plc  
623 East Props Building  
Goldfinger Avenue  
Pinewood Studios  
Iver Heath  
Bucks, SL0 0NH

Cairn Financial Advisers LLP  
61 Cheapside  
London  
EC2V 6AX

10 April 2013

Dear Sirs

**One Media iP Group Plc (the “Company”) and its subsidiary undertakings (together, the “Group”)**

### **Introduction**

We report on the financial information set out in Section B of Part III. This financial information has been prepared for inclusion in the admission document dated 10 April 2013 of the Company (the “Admission Document”) on the basis of the accounting policies set out in note 1 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

### **Responsibilities**

The directors of the Company are responsible for preparing the financial information in accordance with the basis of preparation set out in note 1 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules for Companies consenting to its inclusion in the Admission Document.



### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

### **Opinion**

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 31 October 2010, 31 October 2011 and 31 October 2012 and of its results, cash flows and changes in equity for the years ended 31 October 2010, 31 October 2011 and 31 October 2012 in accordance with the basis of preparation set out in note 1 to the financial information.

### **Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

### **James Cowper LLP**

*Chartered Accountants*

James Cowper LLP is a limited liability partnership registered in England and Wales  
(with registered number OC341068)

## Section B - Financial Information

### One Media iP Group Plc

#### Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 October		
		2010	2011	2012
		£	£	£
<b>Revenue</b>	<b>2</b>	1,454,320	1,662,516	2,089,841
Cost of sales		(693,616)	(747,862)	(983,374)
<b>Gross profit</b>		<b>760,704</b>	<b>914,654</b>	<b>1,106,467</b>
Administration expenses		(514,908)	(583,809)	(678,793)
<b>Operating profit</b>	<b>3</b>	<b>245,796</b>	<b>330,845</b>	<b>427,674</b>
Finance income	<b>5</b>	4,532	163	214
Finance cost	<b>5</b>	(596)	(198)	-
<b>Profit on ordinary activities before taxation</b>		<b>249,732</b>	<b>330,810</b>	<b>427,888</b>
Tax expense	<b>6</b>	(66,653)	(79,995)	(88,668)
<b>Profit for year attributable to equity shareholders</b>		<b>183,079</b>	<b>250,815</b>	<b>339,220</b>
<b>Basic earnings per share</b>	<b>7</b>	<b>0.20p</b>	<b>0.49p</b>	<b>0.73p</b>
<b>Diluted earnings per share</b>	<b>7</b>	<b>0.17p</b>	<b>0.35p</b>	<b>0.62p</b>

The Consolidated Statements of Comprehensive Income have been prepared on the basis that all operations are continuing.

## Consolidated Statements of Changes in Equity

	Share capital	Share redemption reserve	Share premium	Share option reserve	Retained earnings	Total equity
	£	£	£	£	£	£
<b>At 1 November 2009</b>	456,857	-	663,000	-	(79,863)	1,039,994
Profit for the year	-	-	-	-	183,079	183,079
<b>At 1 November 2010</b>	<b>456,857</b>	<b>-</b>	<b>663,000</b>	<b>-</b>	<b>103,216</b>	<b>1,223,073</b>
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)
<b>At 1 November 2011</b>	<b>218,143</b>	<b>239,546</b>	<b>643,271</b>	<b>4,791</b>	<b>119,537</b>	<b>1,225,288</b>
Proceeds from the issue of new shares	55,000	-	75,000	-	-	130,000
Share option charge	-	-	-	7,625	-	7,625
Profit for the year	-	-	-	-	339,220	339,220
Dividends	-	-	-	-	(70,974)	(70,974)
<b>At 31 October 2012</b>	<b>273,143</b>	<b>239,546</b>	<b>718,271</b>	<b>12,416</b>	<b>387,783</b>	<b>1,631,159</b>

Pursuant to a General Meeting held on 17 December 2010, the Company bought back 47,909,291 Ordinary Shares 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 off against retained earnings.

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

As detailed in note 14, share capital, during the year ended 31 October 2012 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.

# Consolidated Statements of Financial Position

	Notes	2010 £	As at 31 October 2011 £	2012 £
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	8	786,604	897,005	1,442,140
Property, plant and equipment	9	25,903	31,699	47,755
		<u>812,507</u>	<u>928,704</u>	<u>1,489,895</u>
<b>Current assets</b>				
Trade and other receivables	11	459,337	303,533	405,762
Cash and cash equivalents	12	629,382	409,770	368,655
<b>Total current assets</b>		<u>1,088,719</u>	<u>713,303</u>	<u>774,417</u>
<b>Total assets</b>		<u>1,901,226</u>	<u>1,642,007</u>	<u>2,264,312</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	13	678,153	416,719	633,153
<b>Total liabilities</b>		<u>678,153</u>	<u>416,719</u>	<u>633,153</u>
<b>Equity</b>				
Called up share capital	14	456,857	218,143	273,143
Share redemption reserve		-	239,546	239,546
Share premium account		663,000	643,271	718,271
Share option reserve		-	4,791	12,416
Retained earnings		103,216	119,537	387,783
<b>Total equity</b>		<u>1,223,073</u>	<u>1,225,288</u>	<u>1,631,159</u>
<b>Total equity and liabilities</b>		<u>1,901,226</u>	<u>1,642,007</u>	<u>2,264,312</u>

## Consolidated Statements of Cash Flows

	Year ended 31 October		
	2010	2011	2012
	£	£	£
<b>Cash flows from operating activities</b>			
Profit before tax	249,732	330,810	427,888
Amortisation	79,749	75,436	98,296
Depreciation	18,166	19,075	25,106
Share based payments	-	4,791	7,625
Finance cost	596	198	-
Finance income	(4,532)	(163)	(214)
Decrease/(increase) in receivables	(147,450)	155,804	(102,229)
(Decrease)/increase in payables	373,389	(276,781)	210,176
Corporation tax paid	(1,676)	(64,648)	(82,410)
<b>Net cash inflow from operating activities</b>	<u>567,974</u>	<u>244,522</u>	<u>584,238</u>
<b>Cash flows from investing activities</b>			
Investments in intangible assets	(138,589)	(185,837)	(643,431)
Investment in property, plant and equipment	(14,116)	(24,871)	(41,162)
Finance cost	(596)	(198)	-
Finance income	4,532	163	214
<b>Net cash used in investing activities</b>	<u>(148,769)</u>	<u>(210,743)</u>	<u>(684,379)</u>
<b>Cash flow from financing activities</b>			
Purchase of own shares	-	(243,397)	-
Proceeds from the issue of new shares	-	5,000	130,000
Dividends paid	-	(14,994)	(70,974)
<b>Net cash (outflow)/inflow from financing activities</b>	<u>-</u>	<u>(253,391)</u>	<u>59,026</u>
Net change in cash and cash equivalents	419,205	(219,612)	(41,115)
<b>Cash at the beginning of the year</b>	210,177	629,382	409,770
<b>Cash at the end of the year</b>	<u>629,382</u>	<u>409,770</u>	<u>368,655</u>

## **Notes to the Financial Information**

### **1. Accounting policies**

#### **Basis of preparation**

The board has adopted and complied with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### **Basis of consolidation**

The financial information consolidates that 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 within the Group 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 Company and where reasonable estimates can be made of download stores' income still to be reported at any point of time.

#### **Commercial advances**

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

#### **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 the 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" 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 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 values of the complementary assets are not 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 unit level.

Individual assets or cash-generating units, other intangible assets with an indefinite 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 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 asset's 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 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.

### **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 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.

### *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 fittings -	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 the income statement 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.

## **Foreign currency**

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

## Share option and warrant policy

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

The Company operates approved and unapproved share option scheme and warrant schemes for 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 behavioural conditions.

## Adoption of new or amended IFRSs

- (a) During the period presented in the financial information, the Group has adopted the following revisions, interpretations and amendments to IFRS issued by the International Accounting Standards Board.

- IAS 1, "Presentation of Financial Statements (revised 2007)"
- IAS 23, "Borrowing Costs (revised 2007)"
- IFRIC 16, "Hedges of Net Investment in Foreign Operations"
- IFRS 1 (revised), "First-time Adoption of International Financial Reporting Standards"
- IAS 27 (revised), "Consolidated and separate Financial Statements"
- IFRS 7 "Amendments to disclosures - Improving Disclosures about Financial Instruments"
- IFRIC 18, "Transfer of Assets from Customers"
- IFRIC 17, "Distributions of Non-cash Assets to Owners"
- IAS 24, "Related Party Disclosures (Amendment)"
- Improvements to IFRSs (May 2010)
- IFRS 7, "Financial Instruments: Disclosures (Amendment)"
- IAS 12, "Deferred Tax: Recovery of Underlying Assets (Amendment)"

- (b) The following standards are issued but not yet effective and have not yet been adopted in this financial information:

- |                                                                               |                |
|-------------------------------------------------------------------------------|----------------|
| - 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 Group's results or financial position.

## 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.

### *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.

## 2. Revenue

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

	Year ended 31 October		
	2010	2011	2012
	£	£	£
United Kingdom	101,640	63,302	99,876
North America and Canada	1,294,110	1,562,527	1,988,939
Europe	49,814	36,687	1,026
Other	8,756	-	-
	<u>1,454,320</u>	<u>1,662,516</u>	<u>2,089,841</u>

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

Included in revenue for the year ended 31 December 2012 is £1,059,746 (2011: £933,914, 2010: £657,866) from its largest ultimate customer and £300,192 from its second largest (2011: £205,924, 2010: £79,758). Together these represent 65.1% (2011: 68.6%, 2010: 50.7%) of the total Group revenue for the year.

### 3. Operating profit

	Year ended 31 October		
	2010	2011	2012
	£	£	£
<b>Operating profit is stated after charging/(crediting):</b>			
Directors' remuneration	89,858	155,050	168,946
Amortisation of licences and other intangible assets	79,749	75,436	98,296
Depreciation of property, plant and equipment	18,166	19,075	25,106
Operating lease - office rent	24,075	30,143	37,170
Auditors' remuneration - audit fees	7,850	10,000	8,400
Auditors' remuneration - taxation	1,900	2,000	1,300
Auditors' remuneration - other	3,525	1,600	1,300
Bad debts	12,553	674	(1,280)
Difference on foreign exchange	10,792	(41,385)	11,892

### 4. Directors and employee information

	Year ended 31 October		
	2010	2011	2012
	£	£	£
Directors' emoluments - excluding applicable share option charge	86,391	132,390	139,954
Fees paid to directors	3,467	20,000	25,000
Share option charge	-	4,791	7,625
Wages and salaries	234,179	257,583	296,018
Social security costs	31,593	37,365	42,169
	<b>355,630</b>	<b>452,129</b>	<b>510,766</b>

Included within fees paid to directors is £20,000 (2011: £20,000, 2010: £nil) in respect of legal services provided by Mr R Poplawski in his role as business affairs adviser to One Media iP Ltd.

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

	Year ended 31 October		
	2010	2011	2012
Office and management	9	11	10

Remuneration of those serving as Directors during the period of the presented financial information is analysed below:

<b>2010</b>						
	<b>Salary</b>	<b>Fees</b>	<b>Benefits</b>	<b>Share based payments</b>	<b>Pension</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Michael Antony Infante	65,000	-	3,391	-	-	68,391
Nigel Smethers	18,000	-	-	-	-	18,000
Scott Cohen	-	3,467	-	-	-	3,467
Roman Poplawski	-	-	-	-	-	-
	<b>83,000</b>	<b>3,467</b>	<b>3,391</b>	<b>-</b>	<b>-</b>	<b>89,858</b>

<b>2011</b>						
	<b>Salary</b>	<b>Fees</b>	<b>Benefits</b>	<b>Share based payments</b>	<b>Pension</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Michael Antony Infante	95,000	-	2,390	665	-	98,055
Nigel Smethers	30,000	-	-	665	-	30,665
Scott Cohen	-	5,000	-	665	-	5,665
Roman Poplawski	5,000	15,000	-	665	-	20,665
	<b>130,000</b>	<b>20,000</b>	<b>2,390</b>	<b>2,660</b>	<b>-</b>	<b>155,050</b>

<b>2012</b>						
	<b>Salary</b>	<b>Fees</b>	<b>Benefits</b>	<b>Share based payments</b>	<b>Pension</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Michael Antony Infante	100,000	-	2,454	998	-	103,452
Nigel Smethers	32,500	-	-	998	-	33,498
Scott Cohen	-	5,000	-	998	-	5,998
Roman Poplawski	5,000	20,000	-	998	-	25,998
	<b>137,500</b>	<b>25,000</b>	<b>2,454</b>	<b>3,992</b>	<b>-</b>	<b>168,946</b>

The amounts referred to above as share based payments are the charges required under IFRS 2. Details of options and warrants held are given below:

The Directors' interests (including family interests) in the shares of the Company were as follows:

**Ordinary shares of 0.5p each**

	<b>As at 31 October</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>No</b>	<b>No</b>	<b>No</b>
Michael Antony Infante	18,044,737	18,044,737	26,044,737
Nigel Smethers	385,000	785,000	1,343,371
Roman Poplawski	276,727	2,276,727	3,943,377
Scott Cohen	-	-	500,000

**Warrants over Ordinary shares of 0.5p each**

	<b>As at 31 October</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>at 2p each</b>	<b>at 2p each</b>	<b>at 2p each</b>
	<b>No</b>	<b>No</b>	<b>No</b>
Michael Antony Infante	4,000,000	4,000,000	-
Nigel Smethers	500,000	500,000	-
Roman Poplawski	-	500,000	-
Scott Cohen	500,000	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 Antony Infante JP and Roman Poplawski replacing them with warrants exercisable at 1.5p each due to expire on 15 September 2015.

	<b>As at 31 October</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>at 1p each</b>	<b>at 1p each</b>	<b>at 1.5p each</b>
	<b>No</b>	<b>No</b>	<b>No</b>
Michael Antony Infante	8,000,000	8,000,000	4,000,000
Nigel Smethers	-	-	250,000
Roman Poplawski	-	-	750,000
Scott Cohen	-	-	250,000

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

**Share Options over Ordinary shares of 0.5p each**

	<b>As at 31 October</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>No</b>	<b>No</b>	<b>No</b>
Michael Antony Infante	-	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 exercisable at 2.75p per share.

## 5. Finance income and finance cost

	As at 31 October		
	2010	2011	2012
	£	£	£
Interest receivable	<u>4,532</u>	<u>163</u>	<u>214</u>
Interest payable	<u>596</u>	<u>198</u>	<u>-</u>

## 6. Tax expense

	Year ended 31 October		
	2010	2011	2012
	£	£	£
<b>Analysis of charge for the year</b>			
UK corporation tax charge	66,653	82,000	88,200
Adjustments to tax charge in respect of previous periods	-	(2,005)	468
<b>Total tax expense</b>	<u><b>66,653</b></u>	<u><b>79,995</b></u>	<u><b>88,668</b></u>

The actual tax charge for the periods is different from the standard rates for the reasons set out in the following reconciliation:

### Reconciliation of current tax charge

	Year ended 31 October		
	2010	2011	2012
	£	£	£
Profit on ordinary activities before tax	<u>249,732</u>	<u>330,810</u>	<u>427,888</u>
Tax on profit on ordinary activities at average standard rates of 24.83% (2011: 26.83%, 2010: 29.75%)	74,295	88,748	106,244
Effects of:			
Non deductible expenses	5,677	6,365	7,508
Marginal relief	-	(6,690)	(5,045)
Adjustments to tax charge in respect of previous periods	-	(2,005)	468
Capital allowances in excess of depreciation	906	(1,507)	(8,467)
Utilisation of tax losses	(14,225)	(4,336)	(8,061)
Other differences	-	(580)	(3,959)
<b>Current tax charge</b>	<u><b>66,653</b></u>	<u><b>79,995</b></u>	<u><b>88,668</b></u>

The Group has estimated trading losses of £374 (2011: £16,317, 2010: £43,400) available for carry forward against future trading profits.

No deferred taxation asset has been recognised 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 £90 (2011: £4,242, 2010: £12,900).

## 7. Earnings per share

The calculation of the earnings per share is based on the profit for the financial period of £339,220 (2011: £250,815, 2010: £183,079) divided by the weighted average number of shares in issue 46,769,794 (2011: 51,474,705, 2010: 91,371,339). The diluted earnings per share including the effect of warrants and share options is based on a weighted average number of shares of 54,639,657 (2011: 72,208,028, 2010: 109,371,339). The 2011 basic and diluted average number of shares is distorted because for the period 1<sup>st</sup> November 2010 to 17<sup>th</sup> December 2010 (the date of the share buy back, see note 14), the Company had 91,371,339 shares in issue.

## 8. Intangible assets

	<b>Licences and other intangible assets £</b>
<b>Cost</b>	
At 1 November 2009	889,245
Additions	138,589
	<hr/>
At 31 October 2010	1,027,834
Additions	185,837
	<hr/>
At 31 October 2011	1,213,671
Additions	643,431
	<hr/>
As 31 October 2012	<u>1,857,102</u>
<b>Amortisation</b>	
At 1 November 2009	161,481
Charge for the year	79,749
	<hr/>
At 31 October 2010	241,230
Charge for the year	75,436
	<hr/>
At 31 October 2011	316,666
Change for the year	98,296
	<hr/>
At 31 October 2012	<u>414,962</u>
<b>Net book value</b>	
At 31 October 2010	<u>786,604</u>
At 31 October 2011	<u>897,005</u>
At 31 October 2012	<u>1,442,140</u>



## 9. Property, plant and equipment

	Office equipment £	Furniture and fittings £	Total £
<b>Cost</b>			
At 1 November 2009	49,727	5,234	54,961
Additions	4,877	9,239	14,116
	<hr/>	<hr/>	<hr/>
At 31 October 2010	54,604	14,473	69,077
Additions	23,276	1,595	24,871
	<hr/>	<hr/>	<hr/>
At 31 October 2011	77,880	16,068	93,948
Additions	34,238	6,924	41,162
Disposals	(22,848)	(5,234)	(28,082)
	<hr/>	<hr/>	<hr/>
At 31 October 2012	<u>89,270</u>	<u>17,758</u>	<u>107,028</u>
<b>Depreciation</b>			
At 1 November 2009	20,355	4,653	25,008
Charge for the year	16,557	1,609	18,166
	<hr/>	<hr/>	<hr/>
At 31 October 2010	36,912	6,262	43,174
Charge for the year	15,736	3,339	19,075
	<hr/>	<hr/>	<hr/>
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)
	<hr/>	<hr/>	<hr/>
At 31 October 2012	<u>50,597</u>	<u>8,676</u>	<u>59,273</u>
<b>Net book value</b>			
	<hr/>	<hr/>	<hr/>
At 31 October 2010	<u>17,692</u>	<u>8,211</u>	<u>25,903</u>
	<hr/>	<hr/>	<hr/>
At 31 October 2011	<u>25,232</u>	<u>6,467</u>	<u>31,699</u>
	<hr/>	<hr/>	<hr/>
At 31 October 2012	<u>38,673</u>	<u>9,082</u>	<u>47,755</u>

## 10. Subsidiary undertakings

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)	England and Wales Company number 05536271	Audio-visual content	Ordinary	100%	Operating
Collecting Records LLP	England and Wales Company number OC307927	Audio-visual content	Partnership interest	99%	Dormant
One Media Intellectual Property Limited	England and Wales Company number 08224199	Audio-visual content	Ordinary	100%	Dormant
One Media Limited	England and Wales Company number 082123128	Audio-visual content	Ordinary	100%	Dormant

## 11. Trade and other receivables

	As at 31 October		
	2010	2011	2012
	£	£	£
Trade receivables	187,585	39,258	41,451
Other receivables	260,763	253,242	345,905
Prepayments	10,989	11,033	18,406
	<b>459,337</b>	<b>303,533</b>	<b>405,762</b>

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, 2010: £11,685).

## 12. Cash and cash equivalents

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

	As at 31 October		
	2010	2011	2012
	£	£	£
GBP £	616,288	295,353	295,522
US\$	5,016	110,100	72,403
Euro €	8,078	4,317	730
	<b>629,382</b>	<b>409,770</b>	<b>368,655</b>

### 13. Trade and other payables

	As at 31 October		
	2010	2011	2012
	£	£	£
<b>Current</b>			
Trade payables	41,889	21,634	63,081
Social security and other taxes	8,717	9,941	14,470
Corporation tax	66,653	81,942	87,604
Accruals & deferred income	379,880	53,060	160,733
Other payables	178,769	250,142	307,265
Lease and hire purchase	2,245	-	-
	<u>678,153</u>	<u>416,719</u>	<u>633,153</u>

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.

### Lease and hire purchase agreements

Future commitments under hire purchase agreements are as follows :

	As at 31 October		
	2010	2011	2012
	£	£	£
Amounts payable within 1 year	2,245	-	-
	<u>2,245</u>	<u>-</u>	<u>-</u>

### 14. Share capital

	As at 31 October		
	2010	2011	2012
	£	£	£
<b>Authorised:</b>			
200,000,000 ordinary shares of 0.5p each ("Ordinary Shares")	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued:</b>			
54,628,698 (2011: 43,628,698, 2010: 91,371,339) ordinary shares of 0.5p each	<u>456,857</u>	<u>218,143</u>	<u>273,143</u>

Pursuant to the Buy Back Agreement the Company bought back 47,909,291 Ordinary Shares 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 amount in to £215,000, set against retained earnings.

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

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
<b>11,000,000</b>			<b>55,000</b>	<b>75,000</b>

The movement in warrants during the period was as follows:

Date of grant	Number of warrants	Par Value	Exercise price	Period of subscription
17 September 2009	10,000,000	0.5p	1.0p	3 years
17 September 2009	2,000,000	0.5p	1.5p	3 years
17 September 2009	6,000,000	0.5p	2.0p	3 years
7 March 2011	500,000	0.5p	2.0p	3 years
<b>Warrants outstanding at 31 October 2011</b>	<b>18,500,000</b>			
<b>Exercised in year</b>				
17 September 2009	(8,000,000)	0.5p	1.0p	3 years
17 September 2009	(2,000,000)	0.5p	1.5p	3 years
17 September 2009	(1,000,000)	0.5p	2.0p	3 years
	<b>7,500,000</b>			
<b>Expired and not exercised</b>				
17 September 2009	(2,000,000)	0.5p	1.0p	3 years
17 September 2009	(5,000,000)	0.5p	2.0p	3 years
<b>Cancelled</b>				
7 March 2011	(500,000)	0.5p	2.0p	3 years
<b>Granted in year</b>				
16 September 2012	5,750,000	0.5p	1.5p	3 years
<b>Warrants outstanding at 31 October 2012</b>	<b>5,750,000</b>	0.5p	1.5p	3 years

The number of Directors holding warrants at 31 October 2012 was 4 (2011: 4, 2010: 3) and senior staff 2 (2011: 3, 2010: 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.

Included in the Consolidated Statement of Financial Position is £16,800 due to the Group by Michael Antony 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 in advance of 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 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).

## 15. Dividends per share

The total dividends paid in the year ended 31 October 2012 were £70,974 (2011: £14,944, 2010: £nil). These dividends were paid in two instalments. On 30 November 2011 at 0.0345p per share Ordinary Share and on 9 July 2012 a further dividend of 0.115p per share was paid.

## 16. Contingent liabilities

There were no contingent liabilities at 31 October 2012, 31 October 2011 or 31 October 2010.

## 17. Capital commitments

There were no capital commitments at 31 October 2012, 31 October 2011 or 31 October 2010.

## 18. Operating lease commitments

	<b>Within one year £</b>	<b>2010 1 to 5 years £</b>	<b>Total £</b>
Property	23,119	23,119	46,238
Vehicles	-	-	-
	<b>23,119</b>	<b>23,119</b>	<b>46,238</b>
	<b>Within one year £</b>	<b>2011 1 to 5 years £</b>	<b>Total £</b>
Property	34,548	-	34,548
Vehicles	4,831	3,221	8,052
	<b>39,379</b>	<b>3,221</b>	<b>42,600</b>
	<b>Within one year £</b>	<b>2012 1 to 5 years £</b>	<b>Total £</b>
Property	47,362	31,575	78,937
Vehicles	9,083	9,083	18,166
	<b>56,445</b>	<b>40,658</b>	<b>97,103</b>

## 19. 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.

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

	<b>Loans and receivables</b>	<b>2010 Non financial assets</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Licences and other intangible assets	-	786,604	786,604
Property, plant and equipment	-	25,903	25,903
Trade receivables	187,585	-	187,585
Other receivables	260,763	-	260,763
Prepayments	10,989	-	10,989
Cash and cash equivalents	629,382	-	629,382
<b>Total</b>	<b>1,088,719</b>	<b>812,507</b>	<b>1,901,226</b>

	<b>Loans and receivables</b>	<b>2011 Non financial assets</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Licences and other intangible assets	-	897,005	897,005
Property, plant and equipment	-	31,699	31,699
Trade receivables	39,258	-	39,258
Other receivables	253,242	-	253,242
Prepayments	11,033	-	11,033
Cash and cash equivalents	409,770	-	409,770
<b>Total</b>	<b>713,303</b>	<b>928,704</b>	<b>1,642,007</b>

	<b>Loans and receivables</b>	<b>2012 Non financial assets</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Licences and other intangible assets	-	1,442,140	1,442,140
Property, plant and equipment	-	47,755	47,755
Trade receivables	41,451	-	41,451
Other receivables	345,905	-	345,905
Prepayments	18,406	-	18,406
Cash and cash equivalents	368,655	-	368,655
<b>Total</b>	<b>774,417</b>	<b>1,489,895</b>	<b>2,264,312</b>

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

	<b>Other financial liabilities at amortised cost £</b>	<b>2010 Liabilities not within the scope of IAS 39 £</b>	<b>Total £</b>
Trade payables	41,889	-	41,889
Social security and other taxes	8,717	-	8,717
Corporation tax	66,653	-	66,653
Accruals & deferred Income	-	379,880	379,880
Other payables	178,769	-	178,769
Lease and hire purchase	-	2,245	2,245
<b>Total</b>	<b>296,028</b>	<b>382,125</b>	<b>678,153</b>

	<b>Other financial liabilities at amortised cost £</b>	<b>2011 Liabilities not within the scope of IAS 39 £</b>	<b>Total £</b>
Trade payables	21,634	-	21,634
Social security and other taxes	9,941	-	9,941
Corporation tax	81,942	-	81,942
Accruals & deferred Income	-	53,060	53,060
Other payables	250,142	-	250,142
Lease and hire purchase	-	-	-
<b>Total</b>	<b>363,659</b>	<b>53,060</b>	<b>416,719</b>

	<b>Other financial liabilities at amortised cost £</b>	<b>2012 Liabilities not within the scope of IAS 39 £</b>	<b>Total £</b>
Trade payables	63,081	-	63,081
Social security and other taxes	14,470	-	14,470
Corporation tax	87,604	-	87,604
Accruals & deferred Income	-	160,733	160,733
Other payables	307,265	-	307,265
Lease and hire purchase	-	-	-
<b>Total</b>	<b>472,420</b>	<b>160,733</b>	<b>633,153</b>

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 receivables 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 at 31 October 2012 is £774,417 (2011: £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, with the exception of the liability to corporation tax of £87,604 at 31 October 2012 (2011: £81,942, 2010: £66,653) are expected to result in cash outflow within six months of the year end. At 31 October 2012, £384,816 (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 US\$ and the settlement of royalty and other liabilities arising from this revenue is largely denominated in US\$.

## **22. Related party transactions**

There were no related party transactions during the period presented in this financial information except as set out in notes 4 and 14 above.



## PART IV

### PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited pro forma statement of net assets of the Group which has been prepared on the basis of the notes set out below to illustrate the effects of the Placing and Admission on the net assets of the Group, had the Placing and Admission occurred on 31 October 2012. The unaudited pro forma statement has been prepared for illustrative purposes only and, because of its nature, in that it addresses a hypothetical situation, it will not represent the actual financial position of the Group as at the date of Admission.

	The Group (Note 1) £000	Adjustment (Note 2) £000	Unaudited Pro forma net assets £000
<b>Non-current assets</b>			
Intangible assets	1,442	—	1,442
Property, plant and equipment	47	—	47
	<hr/> 1,489 <hr/>	<hr/> — <hr/>	<hr/> 1,489 <hr/>
<b>Current assets</b>			
Trade and other receivables	406	—	406
Cash and cash equivalents	369	530	899
	<hr/> 775 <hr/>	<hr/> 530 <hr/>	<hr/> 1,305 <hr/>
<b>Current liabilities</b>			
Trade and other payables	(633)	—	(633)
	<hr/>	<hr/>	<hr/>
<b>Net current assets</b>	<hr/> 142 <hr/>	<hr/> 530 <hr/>	<hr/> 672 <hr/>
	<hr/>	<hr/>	<hr/>
<b>Net assets</b>	<hr/> 1,631 <hr/>	<hr/> 530 <hr/>	<hr/> 2,161 <hr/>

#### Notes

1. The consolidated net assets of the Group have been extracted without material adjustment from the financial information on the Group set out in Part III of this Document.
2. This adjustment reflects the estimated net proceeds from the Placing receivable by the Company, being £530,000 after deducting the estimated costs of the Placing and Admission of £220,000.
3. No account has been taken of activities of the Group subsequent to 31 October 2012 save as disclosed above.

## **PART V**

### **ADDITIONAL INFORMATION**

#### **RESPONSIBILITY**

The Company and the Directors (whose names appear on page 3 of this Document) accept responsibility, both individually and collectively, for the information contained in this Document, and for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and there are no other facts which, if omitted, would affect the import of such information. All Directors accept responsibility accordingly.

#### **1. The Group**

- 1.1 The Company was incorporated in England and Wales on 28 April 2006 as a public company limited by shares with the name "Eagledragon public limited company" and registered number 5799897.
- 1.2 On 11 August 2006 the name of the Company was changed to One Media Holdings Plc. On 7 September 2007 the name of the Company was changed to One Media Publishing Group Plc. On 17 October 2012 the name of the Company was changed to One Media iP Group Plc.
- 1.3 On 30 August 2006 the Registrar of Companies issued a certificate under Section 117 of the 1985 Act entitling the Company to trade and carry on business.
- 1.4 On 26 September 2006 the entire issued share capital of the Company was admitted to trading on PLUS.
- 1.5 The liability of the members of the Company is limited, and the principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 1.6 The Company's registered office and principal place of business is at Pinewood Studios, 623 East Props Building, Goldfinger Avenue, Pinewood Road, Iver Heath, Buckinghamshire SL0 0NH. The Company's telephone number is 01753-785500. The ISIN of the Ordinary Shares is GB00B1DRDZ07.
- 1.7 The accounting reference date of the Company, One Media iP Limited and Collecting Records LLP is 31 October. The accounting reference date of One Media Intellectual Property Limited and One Media Publishing Limited is 30 September.

- 1.8 The principle activity of the Company is to act as a holding company. The Company has the following subsidiary undertakings, all of which are registered in England and Wales.

<b>Company</b>	<b>Country of Incorporation</b>	<b>Nature of Business</b>	<b>Class of Shares</b>	<b>Share held %</b>	<b>Status</b>
One Media iP Limited (formerly One Media Publishing Limited) <b>Registration No. 05536271</b>	England and Wales	Audio-visual content	Ordinary	100%	Operating
Collecting Records LLP <b>Registration No. OC 307927</b>	England and Wales	Audio-visual content	Partnership	99%	Dormant
One Media Intellectual Property Limited <b>Registration No. 08224199</b>	England and Wales	Audio-visual content	Ordinary	100%	Dormant
One Media Publishing Limited <b>Registration No. 08212318</b>	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. The Company owns 99% of the limited liability partnership Collecting Records LLP and the remaining 1% is held by One Media iP Limited.

- 1.9 Other than the entities mentioned at paragraph 1.8 above there are no undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profit and losses.
- 1.10 Since 28 April 2006, being the date of incorporation, the Company acquired 99% of the partnership interests in Collecting Records LLP on 28 November 2006 and the entire issued share capital of One Media iP Publishing Limited (formerly One Media Publishing Limited) on 7 September 2006.
- 1.11 The Company has no administrative, supervisory or management bodies other than its board of Directors.

## **2. The Company's Share Capital**

- 2.1 The Company was incorporated with an authorised share capital of £100,000 divided into 100,000 ordinary shares of £1 each, of which two subscriber ordinary shares were issued to Instant Companies Limited and Swift Incorporations Limited.
- 2.2 On 15 August 2006, each issued and unissued ordinary share of £1 in the capital of the Company was subdivided into 2,000,000 Ordinary Shares of 0.5p each.
- 2.3 On 25 September 2006, the entire issued share capital of the Company of £345,667 comprising 69,133,334 Ordinary Shares was admitted to PLUS.
- 2.4 On 13 March 2007, the Directors issued and allotted 5,000,000 Ordinary Shares to Griffin Corporate Finance Limited at an issue price of 1p per Ordinary Share pursuant to the exercise by Griffin Corporate Finance Limited of warrants held by them.

- 2.5 On 14 June 2007, the Directors issued and allotted 12,238,005 Ordinary Shares to Hythe Investments Limited each at issue price of 2p per Ordinary Share.
- 2.6 On 14 June 2007, the Directors issued and allotted 5,000,000 Ordinary Shares to Pershing Keen Limited each at an issue price of 1p per Ordinary Share.
- 2.7 On 20 December 2010, the Company purchased 47,909,291 of its own Ordinary Shares from Square Mile Securities Limited (in liquidation) at a price of 0.46p per Ordinary Share pursuant to the Buyback Agreement. These repurchased shares were subsequently cancelled on the same date.
- 2.8 On 19 September 2011, the Directors issued and allotted 166,650 Ordinary Shares each at an issue price of 3p per Ordinary Share to Ray Santilli in part consideration for the acquisition of a video catalogue.
- 2.9 On 11 June 2012, the Directors issued and allotted 1,000,000 Ordinary Shares each at an issue price of 1.5p per Ordinary Share to Roman Poplawski pursuant to the exercise of 1,000,000 warrants.
- 2.10 On 13 June 2012, the Directors issued and allotted 4,000,000 Ordinary Shares each at an issue price of 1p per Ordinary Share to Michael Infante pursuant to the exercise of warrants.
- 2.11 On 10 August 2012, the Directors issued and allotted 4,000,000 Ordinary Shares to Michael Infante each at an issue price of 1p per Ordinary Share pursuant to the exercise by him of 4,000,000 warrants. On the same date the Directors issued and allotted 500,000 Ordinary Shares to Nigel Smethers each at an issue price of 2p per Ordinary Share pursuant to the exercise of 500,000 warrants.
- 2.12 On 11 September 2012, the Directors issued and allotted 500,000 Ordinary Shares to Roman Poplawski each at an issue price of 1.5p per Ordinary Share pursuant to the exercise of 500,000 warrants.
- 2.13 On 17 September 2012, the Directors issued and allotted 500,000 Ordinary Shares to Scott Cohen each at an issue price of 2p per Ordinary Share pursuant to the exercise of 500,000 warrants. On the same date, the Directors issued and allotted 500,000 Ordinary Shares to Philip Miles each at an issue price of 1.5p per Ordinary Share pursuant to exercise of 500,000 warrants.
- 2.14 At the Annual General Meeting held on 17 April 2012, resolutions of the Company in respect of its share capital were passed as follows:
  - 2.14.1 that, in substitution for all existing authorities, the directors be and they are hereby generally and unconditionally authorised to allot relevant securities pursuant to section 551 of the Act up to an aggregate nominal amount of £150,000 provided that this authority shall, unless renewed, varied or revoked by the Company in general meeting, expire on the conclusion of the next annual general meeting of the Company, unless renewed, varied or revoked by the Company beforehand (provided that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allowed after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired), and so that all previous authorities given by the Company in a general meeting pursuant to section 551 of the Act are revoked (save to the extent relied on prior to the passing of this resolution);
  - 2.14.2 that, conditional on the passing of the resolution set out in paragraph 2.20.1 (above), the directors be and they are hereby empowered pursuant to section 571 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash as if section 561 of the Act did not apply to any such allotment provided that the power is limited to the allotment of equity securities:
    - (a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

- (b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £150,000

and provided that such authority shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

- 2.15 The Company's authorised share capital is £1,000,000 divided into 200,000,000 Ordinary Shares of 0.5p each.
- 2.16 The Company's share capital as at 31 October 2012 (being the last audited balance sheet date) was as follows:

	<b>Immediately prior to Admission</b>	<b>Immediately following Admission</b>
Number of Ordinary Shares of £0.005 each issued fully paid	54,628,698	64,003,698
Total issued share capital	£273,143.49	£320,018.49

There were no movements in the Company's share capital from 31 October 2012 to the date of this Document.

- 2.17 As at the date of this Document:
- 2.17.1 the total number of Ordinary Shares in issue in the share capital of the Company is 54,628,698 each of which is fully paid up as to nominal value and any premium;
- 2.17.2 options over 3,600,000 Ordinary Shares have been granted by the Company to its employees pursuant to the Share Option Plan including 2,400,000 EMI Options (which remain unexercised); and
- 2.17.3 Warrants over 5,750,000 Ordinary Shares have been issued by the Company to its directors and other employees (which remain unexercised).
- 2.18 The new Ordinary Shares issued pursuant to the Placing following Admission will rank pari passu in all respects with the Ordinary Shares (including the Sale Shares) in issue at the date of this Document, including the right to receive all dividends and other distributions declared, made or paid after Admission in respect of the Ordinary Shares.
- 2.19 No Ordinary Shares are held by, or on behalf of, the Company or its Subsidiary Undertakings,
- 2.20 Save as set out in this Document:
- 2.20.1 the Company does not have in issue any securities not representing share capital;
- 2.20.2 there are no outstanding convertible securities issued by the Company; and
- 2.20.3 no share or loan capital of the Company is under option or has been agreed, conditionally or unconditionally, to be put under option.

### 3. Memorandum and Articles of Association

Pursuant to the Act, from 1 October 2009, all items listed in the Company's Memorandum of Association dated 22 April 2006 ("Memorandum") (including as to its objects) are deemed to be and form part of the Articles adopted on 15 August 2006 of the Company with the exception of the names of the initial subscribers of the Company.

The Memorandum provides that the object of the Company is to carry on business as a general commercial company. The Company's objects are set out in full in clause 4 of the Memorandum.

The Articles include provisions to the following effect:

#### 3.1 Votes of Members

3.1.1 Subject to any restrictions imposed by or pursuant to the Articles and to any special rights or restrictions as to voting attached to any class of shares, at any general meeting of the Company, on a show of hands every member who is present in person or proxy (or, being a corporation, present by a duly appointed representative) has one vote only, and, in the case of a poll, every member present in person or by proxy (or, being a corporation, present by a duly appointed representative) has one vote for every share held by him.

3.1.2 No member is entitled to attend or vote at a general meeting or at any separate meeting of any class of shares, or to exercise any right conferred by membership in relation to any such meeting, either personally or by proxy, if he or any person appearing to be interested in shares held by him has been duly served with a notice under Section 793 of the Act and has not given the Company the information required by that notice within 28 days from the date of the notice or, unless the directors determine otherwise, if any calls (or any other sum presently payable by that member in respect of that share) from him have not been paid.

3.1.3 In the case of an equality of votes at any general meeting, the chairman of the meeting shall have a casting vote in addition to any vote to which he or she may be entitled as a member.

3.2 The annual general meeting of the Company shall be held at any such time and place as the directors shall determine and there will be no more than 15 months between the date of one annual general meeting and the next. The directors may call general meetings in addition to the annual general meeting (**Extraordinary General Meetings**) whenever they think fit and shall call an Extraordinary General Meeting if required to do so by Shareholders holding Ordinary Shares which are fully paid up and carry 5 per cent. of the total voting rights at a general meeting of the Company.

#### 3.3 Dividends

3.3.1 The Company may by ordinary resolution declare dividends to be paid to members of the Company, but no dividend shall be payable except out of the profits of the Company available for distribution in accordance with the provisions of the Act, or in excess of the amount recommended by the directors.

3.3.2 The directors may, if in their opinion the profits of the Company justify such payments, pay interim dividends of such amounts and on such dates as they think fit.

3.3.3 Subject to any rights for the time being attached to any shares having preferential or special rights in regard to dividend (no such shares presently being in issue), all dividends shall be apportioned and paid pro rata according to the amount of the nominal value paid up or credited as paid up (other than in advance of calls) on the Ordinary Shares during any portion or portions of the period in respect of which the dividend is paid. If any share is issued on terms providing that it shall rank for dividend as from or after a particular date, or be entitled to dividends declared after a particular date, such share shall rank for or be entitled to dividend accordingly.

3.3.4 The directors may, subject to the Act and with the prior sanction of an ordinary resolution of the Company, offer to members the right to elect to receive further Ordinary Shares, credited as fully paid, in lieu of all or any part of any cash dividend entitlement.

3.3.5 Any dividend remaining unclaimed after a period of 12 years after having been declared shall be forfeited and shall revert to the Company.

### 3.4 Winding up

Subject to any special rights for the time being attached to any class of shares, on a return of assets on liquidation or otherwise the surplus assets remaining after payment of the Company's liabilities shall be distributed in proportion to the amount of the nominal value paid up or deemed to be paid up on the Ordinary Shares then in issue.

### 3.5 Variation of class rights and changes of capital

3.5.1 If, at any time, the share capital of the Company is divided into different classes of share, the rights attached to any class of share in the capital of the Company may, subject to the provisions of the Act, be varied either with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of that class.

3.5.2 The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of larger amount, sub-divide its shares into shares of smaller amounts and cancel any shares not taken or agreed to be taken by any person.

3.5.3 The Company may by special resolution reduce its share capital or any capital redemption fund, share premium account or other undistributable reserves, subject to the provisions of the Act and any sanction required by law (provided that in the case of the Company purchasing its own shares three quarters of the holders of any convertible shares in issue approve such purchase). Subject to the Act, the Company may purchase its own shares and, where these are qualifying shares, hold such shares in treasury.

3.5.4 The Articles contain no pre-emption rights or right to issue redeemable shares beyond that provided for in the Act.

### Transfer of Shares

3.5.5 Ordinary Shares held in certificated form may be transferred by an instrument of transfer in any usual form or in any other form approved by the directors, and shall be signed by or on behalf of the transferor and, if the share is partly paid the transferee. The directors may decline to register any transfer of a share which is not fully paid. Except in the circumstances described in subparagraph 3.5.7 below, the Articles do not contain any restriction on the free transferability of fully paid shares, provided that the instrument of transfer is in favour of not more than four transferees, is in respect of one class of share only and is duly stamped (if so required) and the provisions in the Articles relating to the deposit of instruments of transfer have been complied with.

3.5.6 A holder of Ordinary Shares held in uncertificated form may transfer all or any of such Shares by means of a relevant system in such manner provided for, and subject as provided in, the Uncertificated Securities Regulations 2001 and the rules of any relevant system.

3.5.7 Subject to the requirements of the Uncertificated Securities Regulations 2001, the directors may refuse to register or authorise the registration of any transfer of a share if:

- (a) a notice has been duly served in respect of that share pursuant to Sections 793(1) and (2) of the Act or any other statutory provision concerning the disclosure of interests in voting shares; and

- (b) the share or shares which are the subject of that notice represent in aggregate at least 0.25 per cent. of the share capital of the Company; and
- (c) the notice has not been complied with within the period stipulated in the notice (which must be not less than 14 days) and continues not to be complied with unless the transfer in question was effected pursuant to a sale through a recognised investment exchange or other recognised market, or as a result of an acceptance of a takeover offer for the Company, or the directors are satisfied that it was effected pursuant to a bona fide sale to an unconnected person.

### 3.6 Directors

- 3.6.1 The business of the Company shall be managed by the directors, whose number shall be not fewer than two. A director is not required to hold any shares in the capital of the Company.
- 3.6.2 The directors may from time to time appoint one or more of their number to be the holder of any executive office (including the office of chairman, deputy chairman, managing director, or chief executive) on such terms and for such period as they may determine. The salary or remuneration of any executive director shall, subject as provided in any contract, be such amount as the Board may determine, and may either be a fixed sum or may be governed by the business done or profits made, and may include making provisions for the payment to him or his estate of any pension, retirement or other benefits.
- 3.6.3 The non-executive directors shall be paid out of the funds of the Company by way of fees for their services as the Board may determine.
- 3.6.4 The directors are also entitled to be repaid all reasonable expenses incurred by them in the performance of their duties.
- 3.6.5 Subject to the provisions of the Act, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:
  - (a) may be a party to, or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;
  - (b) may be a director or other officer or, or employed, or a party to, any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested;
  - (c) may hold any other office or position of profit under the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of director and may act by himself or through his firm in a professional capacity to the Company, and in any such case on such terms as to remuneration and otherwise as the directors may determine; and
  - (d) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such contract, transaction or arrangement or from any interest in any such body corporate, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.
- 3.6.6 A director may not vote in respect of any contract, transaction or arrangement or other proposal in which he has any material interest (to be decided by the Chairman of the directors) otherwise than by virtue of his interest in shares or other securities of, or otherwise in or through, the Company. A director will not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. However, in the absence of some other material interest than is indicated below, a director shall be entitled to vote in respect of any of the following matters, namely:



- (a) the giving of any guarantee, security or indemnity to a third party in respect of money lent or obligations incurred by him at the request or for the benefit of the Company or any of its subsidiaries;
- (b) the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) any contract, transaction, arrangement or proposal concerning an offer of shares or other securities by the Company for subscription or purchase in which offer he is to be interested as a participant in the underwriting of the offer;
- (d) any contract, transaction, arrangement or proposal concerning any other body corporate in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he (together with persons connected with him within the meaning of Section 252 of the Act) is not the holder of or beneficially interested in 3 per cent. or more of the issued shares of any such body corporate;
- (e) any contract, transaction, arrangement or proposal concerning the adoption, modification or operation of any retirement, death or disability benefit scheme under which he may benefit;
- (f) any contract, transaction, arrangement or proposal concerning the adoption, modification or operation of any scheme for enabling employees, including directors, to acquire shares in the Company or any arrangement for the benefit of employees of the Group under which the director benefits in a similar manner to employees, and which does not accord any director as such any privilege or advantage not generally accorded to the employees to whom such scheme or arrangement relates; and
- (g) any contract, transaction, arrangement or proposal concerning any insurance against liability which the Company is empowered to purchase and/or maintain for the benefit of any director or group of persons which includes directors.

3.6.7 At each Annual General Meeting of the Company, one third of the directors (or the number closest to but not exceeding one third) shall retire from office. The directors to retire will be those who have been longest in office or, in the case of those who were appointed or re-appointed on the same day, will be (unless they otherwise agree) determined by lot. No director shall be or become incapable of being appointed or remaining a director by reason of his having attained the age of 70 or any other age.

### 3.7 Borrowing powers

Subject to the provisions of the Articles, the directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property, assets and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or its subsidiaries.

## 4. Share Option Plan

- 4.1 The Share Option Plan was established on 7 March 2011. Both EMI Options and Unapproved Options have been granted under the Share Option Plan. Options under the Share Option Plan take the form of an individual contract between the Company and the employee.
- 4.2 EMI Options have been granted, subject to HM Revenue & Customs approval, to employees under the provisions of the Enterprise Management Incentives legislation contained in the Income Tax (Earnings and Pensions) Act 2003. The material terms of the EMI Options granted under the Share Option Plan are as follows:

#### 4.2.1 *Employee Eligibility*

An eligible employee is any employee who (i) is required to spend on average at least the statutory minimum time per week (25 hours) on the business of the Company or a subsidiary company (ii) does not have a material interest (owning or having an interest in more than 30% of the share capital of the Company) and (iii) has no associate who has a material interest.

#### 4.2.2 *Individual Limit on Participation*

The total market value (as at the date of grant) of Ordinary Shares that an eligible employee can acquire on the exercise of options granted to him may not exceed £250,000.

#### 4.2.3 *Company Limit*

At any time, the total value of the Ordinary Shares which can be acquired on the exercise of all EMI options issued by the Company may not exceed £3,000,000.

#### 4.2.4 *Exercise*

When granting an option to an eligible employee the Board may set an exercise condition or a number of exercise conditions and such are recorded in each eligible employee's personalised option. The exercise price will be the average middle market quotation per share on the date that the relevant option is granted. To exercise an option, the holder must do so by way of written notice to the Company.

#### 4.2.5 *Non-transferability of options*

The EMI options are non-transferable (except on death to the personal representatives of the option holder). An EMI option shall lapse immediately if it is purportedly transferred, mortgaged, charged or assigned.

#### 4.2.6 *Variation of share capital*

If there is any variation of the share capital of the Company (whether that variation is a capitalisation issue (other than a scrip dividend), rights issue, consolidation, subdivision or reduction of capital or otherwise) which affects (or may affect) the value of options, the Board may adjust the number and description of shares subject to each option and/or the exercise price of each option in a manner which the Board, in its reasonable option, considers to be fair and appropriate.

#### 4.2.7 *Disqualifying Events*

The main disqualifying events are:

- the Company becoming controlled by another company; and/or
- the option holder ceasing to work for the Company (for any reason other than injury, ill health, disability, retirement or redundancy); and/or
- the option holder ceasing to commit at least 25 hours each week or at least 75% of their working time to the Company; and/or
- the option holder holding a material interest in the Company either alone or with an associate.

- 4.3 In addition to EMI options, Unapproved Options have been granted to certain employees under the Share Option Plan where such employee was not eligible for EMI Options. The Unapproved Options are not subject to HM Revenue & Customs approval but are otherwise subject to the same terms as the EMI Options provided that paragraphs 4.2.1, 4.2.2, 4.2.3 and 4.2.7 do not apply to them.

- 4.4 As at the date of this Document there are 3,600,000 Ordinary Shares currently under option representing 6.6 per cent. of the Company's issued share capital.
- 4.5 As at the date of this Document, there are no other share option schemes or incentive schemes in place in respect of the Company.

## 5. Major Shareholders

- 5.1 At the date of this Document, the interests of persons (other than Directors) directly interested in 3 per cent. or more of the Company's issued Ordinary Shares, and as those interests are expected to be immediately following completion of the Placing and on Admission, are as follows:

	As at the date of this Document		Following the Placing and Admission	
	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Hugh Oliver Bett	4,100,000	7.5	4,100,000	6.4

- 5.2 On completion of the Placing and on Admission, so far as the Directors are aware, no other person will be directly or indirectly interested in 3 per cent. or more of the Company's issued Ordinary Shares.
- 5.3 Save for the shareholdings disclosed above, the Company has not been notified of any shareholdings which will, on Admission, represent more than 3 per cent. of the issued share capital of the Company, and the Directors are not aware of any interest which will on Admission represent 3 per cent. or more of the issued share capital of the Company.
- 5.4 Save as disclosed above, the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- 5.5 There are no differences between the voting rights enjoyed by those Shareholders set out in paragraph 5.1 above and those enjoyed by any other Shareholder.

## 6. Information on the Directors

- 6.1 In addition to their directorships of the Company, the Directors hold, or have held within the period of five years prior to the date of this Document, the following directorships and partnerships:

Name	Current directorships and partnerships	Past directorships and partnerships within the period of five years prior to the date of this Document
<b>Michael Antony Infante</b>	One Media iP Limited One Media Publishing Limited One Media Intellectual Property Ltd	None
<b>Nigel Smethers</b>	One Media iP Limited One Media Publishing Limited One Media Intellectual Property Limited	None
<b>Roman Poplawski</b>	None	Trustees of Dr Challoner's High School
<b>Scott Robert Cohen</b>	Soho After Dark Limited CGH Ventures Inc.	None

- 6.2 Michael Infante was a director of MBL plc, an AIM listed company. Hollywood DVD Limited was a wholly owned subsidiary of MBL plc, of which Michael Infante was also a director. Subsequent to Michael Infante's resignation on 29 July 2005 as a director of MBL plc (and all of its subsidiary undertakings) Hollywood DVD Limited was put into administration on 9 September 2005 with an estimated deficiency as regards creditors of £1,029,368. The administration was ended and the company put into creditors' voluntary liquidation on 5 May 2006.
- 6.3 Nigel Smethers was a director of Alto Limited which was put into administrative receivership on 2 May 1991 with an estimated deficiency as regards creditors of £297,644. Alto Limited was struck from the register of companies on 6 September 1994 and dissolved on 13 September 1994.
- 6.4 Save as disclosed above, none of the Directors:
- 6.4.1 has any unspent conviction for any indictable offence; or
  - 6.4.2 has had any bankruptcy order made against him or entered into any voluntary arrangement with his creditors; or
  - 6.4.3 has been a director of a company which has been placed in receivership, compulsory liquidation, creditors voluntary liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the twelve months after he ceased to be a director of that company;
  - 6.4.4 has been a partner in a partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the twelve months after he ceased to be a partner in that partnership; or
  - 6.4.5 has been the owner of any assets or a partner in any partnership which has been placed in receivership while he was a partner in that partnership or within the twelve months after he ceased to be a partner in that partnership; or
  - 6.4.6 has been publicly criticised by any statutory or regulatory authority, including any recognised professional body; or
  - 6.4.7 has been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- 6.5 Save as disclosed in this Document, there are no potential conflicts of interest between the Directors' duties to the Company and their private interests or other duties.

## 7. Interests of Directors

- 7.1 The interests of the Directors and their connected persons (all of which are beneficial unless otherwise stated) in the issued share capital of the Company as at the date of this Document and as those interests are expected to be immediately following completion of the Placing and on Admission are as follows:

	As at the date of this Document		Following the Placing and Admission	
	Number of shares	% of issued share capital	Number of shares	% of issued share capital
Michael Infante <sup>1</sup>	26,044,737	47.7	25,577,862	40.0
Nigel Smethers <sup>2</sup>	1,343,371	2.6	1,343,371	2.1
Roman Poplawski <sup>3</sup>	3,943,377	7.2	3,943,377	6.2
Scott Cohen	500,000	0.9	500,000	0.8

<sup>1</sup>Michael Infante will have disposed of 466,875 Ordinary Shares on Admission pursuant to the Placing

<sup>2</sup>Includes 400,000 Ordinary Shares in the name of Mr Smethers' spouse

<sup>3</sup>of which 1,190,000 Ordinary Shares are held in the name of JIM Nominees Limited

- 7.2 The Selling Shareholder has agreed to sell the Sale Shares to the Placees. The details of the Sale Shares to be sold by the Selling Shareholder pursuant to the Placing is as follows:

Name of Selling Shareholder	Number of Sale Shares	Number of Ordinary Shares to be held following admission
Michael Antony Infante	466,875	25,577,862

- 7.3 The following Directors have been granted options over Ordinary Shares under the provisions of the Share Option Plan:

Director	Date of Grant	No of options granted	Exercise Price	Exercise Period End
Michael Infante	7 March 2011	500,000	2.75p	7 March 2018
Nigel Smethers	7 March 2011	500,000	2.75p	7 March 2018
Roman Poplawski	7 March 2011	500,000	2.75p	7 March 2018
Scott Cohen	7 March 2011	500,000	2.75p	7 March 2018

- 7.4 The following Directors have been granted Warrants over Ordinary Shares, further details of which are set out in paragraph 9 of this Part V:

	<b>Date of Grant</b>	<b>No of Warrants</b>	<b>Exercise Price</b>	<b>Exercise Period End</b>
Michael Infante	22 October 2012	4,000,000	1.5p	15 September 2015
Nigel Smethers	22 October 2012	250,000	1.5p	15 September 2015
Roman Poplawski	22 October 2012	750,000	1.5p	15 September 2015
Scott Cohen	22 October 2012	250,000	1.5p	15 September 2015

- 7.5 Save as disclosed in this Document, no Director is or has been interested in any transaction effected by the Company since its incorporation which is or was unusual in its nature or conditions or of significance to the business of the Company.
- 7.6 On 17 December 2010 at a General Meeting held by the Company the terms of the Whitewash, a waiver of the obligation of Michael Infante to make a mandatory offer for the entire share capital of the Company was granted in respect of Mr Infante's interest up to 54.17 per cent. of the Company's issued share capital. The Options and the Warrants described in paragraphs 7.1 and 7.2 of this Part V in the name of Mr Infante were granted or varied following the Whitewash therefore the Waiver does not apply to them. Mr Infante has undertaken not to exercise the Options or Warrants held by him at any time when such exercise would trigger a mandatory bid for the Company under Rule 9 of the Takeover Code.
- 7.7 There are no loans made or guarantees granted or provided by the Company to or for the benefit of any Director.
- 7.8 In respect of the Directors, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.

## **8. Directors' Service Agreements/Engagement Terms**

- 8.1 Michael Antony Infante is employed by the Company as Chief Executive Officer and a director under a service agreement dated 7 September 2006 on an annual salary of £100,000 per annum. The Company does not provide any occupational pension scheme or retirement benefits for Mr Infante. His employment is terminable by either party on 12 months' notice at any time, and Mr Infante has no contractual entitlement to any compensation for the termination of his office or employment other than salary and the value of any contractual benefits for the period of his notice.
- 8.2 Nigel Smethers is employed by the Company as Finance Director and a director under a service agreement dated 1 May 2008 at an annual salary of £65,000 per annum (inclusive of any director's fees) on the basis of Nigel Smethers is full time to the Group. The Company does not provide any occupational pension scheme or retirement benefits for Mr Smethers. His employment is terminable by either party on 3 months' notice at any time and Mr Smethers has no contractual entitlement to any compensation for the termination of his office or employment other than salary and the value of any contractual benefits for the period of his notice.
- 8.3 Roman Poplawski is engaged by the Company as a Non-Executive Director under an appointment letter dated 14 October 2010 for an annual fee of £10,000 per annum. Mr Poplawski's engagement is terminable by either party on 3 months' notice. Mr Poplawski is also engaged by the Company as a consultant under a consultancy agreement dated 24 January 2013 for the provision of commercial, strategic and business advisory services for an annual fee of £25,000. This agreement is also terminable on 3 months' notice by either party.

8.4 Scott Cohen is engaged by the Company as a Non-Executive Director under an appointment letter dated 4 July 2007 for an annual fee of £10,000 per annum. Mr Cohen's engagement is terminable by either party on 3 months' notice.

8.5 Save as disclosed above, there are no service agreements, existing or proposed, between any Director and the Company, and there have not been any such service agreements since the incorporation of the Company.

## **9. Material Contracts**

The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or any member of the Group during the two years immediately prior to the date of this Document or, if earlier, are contracts under which any member of the Company or any of its subsidiaries has any obligations or entitlements which, at the date of this Document, are, or may be, material. Each material contract is governed by English law unless otherwise stated.

### **9.1 *Nominated Adviser Agreement***

A Nominated Adviser Agreement (the "Nomad Agreement") dated 10 April 2013 between (1) the Company and (2) Cairn pursuant to which Cairn has been appointed to act as nominated adviser in relation to Admission and the Company's continuing obligations as required by the AIM Rules. The agreement contains certain undertakings given by the Company in respect of, inter alia, compliance with all applicable laws and regulations and indemnities in favour of Cairn and its associates.

### **9.2 *Broker Agreement***

A Broker Agreement (the "Broker Agreement") dated 10 April 2013 between (1) the Company and (2) Hybridan pursuant to which Hybridan has been appointed to act as broker in connection with the Placing and Admission. The agreement contains certain undertakings given by the Company in respect of, inter alia, compliance with all legal and regulatory requirements and indemnities in favour of Hybridan and its associates.

### **9.3 *Placing Agreement***

Under a Placing Agreement dated 10 April 2013 between the Company, the Directors, the Selling Shareholder, Cairn and Hybridan, Hybridan was appointed as agent of the Company and the Selling Shareholder to use its reasonable endeavours to procure Placees to subscribe for Placing Shares at the Placing Price. Pursuant to the Placing Agreement, the Company and its Directors have provided certain warranties regarding, inter alia, the accuracy of information in this Document. The Placing is not underwritten. The Placing Agreement is conditional, inter alia, on Admission taking place no later than 8.00a.m. on 18 April 2013 (or such later date as the Company, Cairn and Hybridan may agree, not being later than 8.00a.m. on 31 May 2013) and the Company and its Directors complying with certain obligations under the Placing Agreement. The Placing Agreement also contains provisions entitling the Company to terminate the Placing Agreement prior to Admission in certain specific circumstances. The Placing Agreement also contains warranties and indemnities given by the Selling Shareholder to Cairn and Hybridan in relation to the Sale Shares. The Selling Shareholder has also agreed to pay any stamp duty or stamp duty reserve tax arising on the transfer of the Sale Shares.

### **9.4 *Hybridan Engagement Letter***

An engagement letter between Hybridan and the Company dated 2 January 2013 pursuant to which Hybridan agreed to act as sole broker in connection with Placing and Admission and agreed to provide certain other services including, provision of an IPO research note. In addition, the Company has agreed to contract on Hybridan's standard terms including a comprehensive indemnity in favour of Hybridan.

#### 9.5 *Cairn Engagement Letter*

An engagement letter between the Company and Cairn dated 3 December 2012 pursuant to which Cairn agreed to act as the Company's nominated adviser in connection with the Placing and Admission. Cairn has agreed inter alia to coordinate the Admission process including preparation of this Document and advising the Directors on their responsibilities under the AIM Rules. Further, Cairn has agreed that it will be appointed as the Company's nominated adviser on the terms of the Nominated Advisers Agreement described in more detail in paragraph 9.1 of this part V.

#### 9.6 *Lock In & Orderly Market Agreements*

A Lock-In Agreement dated 10 April 2013 between the Company, Cairn, Hybridan and each of the Directors (under the Placing Agreement) pursuant to which the Directors have agreed, except in certain limited cases, not to dispose of any interest in Ordinary Shares in which they are interested for a period of twelve months following Admission and that, for a further period of twelve months following the expiry of the initial twelve month period, any disposal of interest in Ordinary Shares held by them shall be through Hybridan or any replacement broker of the Company.

#### 9.7 *Relationship Deed*

An agreement between the Company, Cairn and Michael Infante who holds an interest in securities in the Company which carry the right to exercise or control the exercise of more than 30% of the voting rights to vote at general meetings of the Company for the purposes of regulating the use of the Ordinary Shares of Michael Infante. Pursuant to the terms of the Relationship Deed, Michael Infante has agreed to provide various assurances as to the independence of the Group and undertake not to exercise any of his voting rights in favour of any proposed amendment to the Articles which would be inconsistent with, or violate the terms of, the Relationship Deed. Further, Michael Infante is bound by non-compete restrictions which apply during the term of the Relationship Deed and undertakes not to compromise the independence of the Directors. In the event that any conflict of interest arises between the Company and Mr Infante, of which the Company becomes aware, the Company undertakes to consult with Cairn at the earlier practicable opportunity. Mr Infante has agreed not to exercise the Warrants and Options held by him at any time when a mandatory bid under Rule 9 of the Takeover Code would be triggered.

#### 9.8 *Corporate Adviser Agreement*

A Corporate Adviser Agreement dated 31 January 2011 made between Hybridan and the Company under which the Company has appointed Hybridan to act as Corporate Adviser to the Company for the purposes of the ISDX Rules. The Corporate Adviser Agreement is terminable by either party or not less than 3 months written notice. Under the Corporate Adviser Agreement, the Company undertakes to comply on a timely basis with the ISDX Rules and other relevant legal obligations. The corporate adviser agreement will terminate on Admission.

#### 9.9 *Orchard Agreement*

An agreement between One Media iP Limited and The Orchard dated 1 November 2012 pursuant to which One Media iP Limited has granted The Orchard certain distribution rights to all of the sound recordings acquired by One Media iP Limited and any other sound recordings One Media iP Limited makes available to The Orchard during the term of the Agreement. The Advance against royalties paid by The Orchard to One Media iP Limited is a sum of USD\$2,500,000 to be paid in full in agreed stages by 30 June 2013.



9.10 *Warrant Deeds dated 22 October 2012*

The Company entered into warrant deeds with each of Michael Infante, Roman Poplawski, Scott Cohen and Nigel Smethers (all of whom are directors of the Company) and Claire Bushell and Philip Miles (both of whom are directors of the One Media iP Limited) dated 22 October 2012 pursuant to which Warrants to subscribe for Ordinary Shares each at an exercise price of 1.5p were granted in the following amounts:

<b>Grantee</b>	<b>Number of Ordinary Shares</b>
Michael Infante	4,000,000
Nigel Smethers	250,000
Roman Poplawski	750,000
Scott Cohen	250,000
Claire Bushell	250,000
Philip Miles	250,000

The Warrants are exercisable at any time until 15 September 2015. In the event of any variation of the Company's share capital, the number of Ordinary Shares to be issued on exercise of the Warrants and/or the exercise price will be adjusted in such a manner as the auditors of the Company certify to be fair and reasonable. No application will be made for the Warrants to be admitted to trading on AIM and the Warrants are not currently traded on ISDX.

**10. Employees**

The average number of persons employed by the Group during each of the three financial years ended 31 October 2012 and for the period since that date up to the date of this Document is as follows:

	<b>Year to 31/10/2010</b>	<b>Year to 31/10/2011</b>	<b>Year to 31/10/2012</b>	<b>31/10/2012 to Admission</b>
Operations	7	9	8	8
Management	2	2	2	2

**11. No Significant Change**

Save as disclosed in this Document there has been no significant change in the financial or trading position of the Group since 31 October 2012, the date to which the last audited accounts of the Group were prepared as set out in Part III of this Document.

**12. Litigation**

Neither the Company nor any Subsidiary has been engaged in nor is currently engaged in any governmental, legal or arbitration proceedings which have or may have a significant effect on the financial position of the Group, no such proceedings are threatened against the any member of the Group and, so far as the Directors are aware, there are no such proceedings pending.

### **13. Working Capital**

The Directors are of the opinion, having made due and careful enquiry, that the Group will have sufficient working capital for its present requirements, that is for at least the next 12 months from Admission.

### **14. UK Taxation**

#### **14.1 Introduction**

Information in this section is based on the Directors' understanding of current UK tax law and HM Revenue & Customs practice as at the date of this Prospectus, both of which are subject to change at any time. It should be regarded as a summary of the tax treatment likely to be afforded UK resident investors holding their Ordinary Shares in the Company as investments. It does not constitute legal or tax advice and potential investors are, therefore, strongly recommended to consult a professional adviser regarding their own tax position and the consequences of making an investment in the Company.

#### **14.2 Tax residence of the Company**

The Company is considered to be resident for tax purposes in the UK. Accordingly, the information provided in this section reflects the taxation treatment appropriate to an investment in a UK tax resident company.

#### **14.3 Taxation of dividends**

The taxation of dividends paid by the Company and received by an investor resident for tax purposes in the UK is summarised below.

##### *Individuals*

A UK resident individual shareholder in receipt of dividends is treated as receiving income of an amount equal to the sum of the dividend and its associated tax credit. The tax credit currently equates to 10 per cent. of the gross dividend, being the combined amount of the dividend and the tax credit (the tax credit therefore representing one-ninth of the net dividend). The gross dividend is subject to income tax as the top slice of the individual's income and is taxed at the individual's marginal rate of income tax. The tax credit is available to set against the resulting liability (if any) to income tax. An individual liable to income tax at the basic rate will be liable to tax on the gross dividend at a rate of 10 per cent. ("the dividend ordinary rate" which is a special rate of tax set for basic rate taxpayers in receipt of dividend income). Accordingly, the tax credit will satisfy the income tax liability of such an individual. An individual liable to income tax at the higher rate will pay tax on the gross dividend at a rate of 32.5 per cent. ("the dividend upper rate" which is a special rate of tax set for higher rate taxpayers in receipt of dividend income). After taking into account the tax credit of 10 per cent. a higher rate taxpayer will be liable to additional income tax of 22.5 per cent. of the gross dividend, which equates to 25 per cent. of the actual or net dividend. An individual liable to income tax at the additional rate will pay tax on the gross dividend at a rate of 42.5 per cent. ("the dividend additional rate" which is a special rate of tax set for additional rate taxpayers in receipt of dividend income). After taking into account the tax credit of 10 per cent. an additional rate taxpayer will be liable to additional income tax of 32.5 per cent. of the gross dividend, which equates to 36.11 per cent. of the actual or net dividend.

From 6 April 2013 onwards, an individual shareholder liable to income tax at the additional rate will be subject to income tax on the gross dividend at the rate of 37.5 per cent. but will be able to set the tax credit off against part of this liability. The effect of that set off of the tax credit will be that such a shareholder will have to account for additional tax equal to approximately 30.6 per cent. of the net cash dividend received.

### *Trustees*

UK resident trustees of a discretionary trust in receipt of dividends are liable to income tax at a rate of 42.5 per cent. (“the dividend trust rate”) of the gross dividend. After giving effect to the tax credit of 10 per cent. the trustees will be liable to additional income tax of 32.5 per cent. of the gross dividend, which equates to 36.11 per cent. of the actual or net dividend.

From 6 April 2013 onwards, UK resident trustees of a discretionary trust will be liable to income tax at the rate of 37.5 per cent. but will be able to set the tax credit off against part of this liability. The effect of that set off of the tax credit will be that such a trustee will have to account for additional tax equal to approximately 30.6 per cent. of the net cash dividend received.

### *Companies*

Although a UK resident corporate shareholder is potentially liable to corporation tax on its dividend income, it is anticipated that the general exemption for dividends will be available to exempt from corporation tax corporate investors in receipt of dividends from the Company.

#### 14.4 Withholding tax and tax credit in UK

The Company is not required to withhold tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a Shareholder. Other UK resident Shareholders who are not liable to UK tax on dividends, including pension funds and charities, are not entitled to claim repayment of the tax credit. Shareholders who are resident outside the UK for tax purposes will not generally be able to claim repayment of any part of the tax credit attaching to dividends received from the Company, although this will depend on the existence and terms of any double taxation convention between the UK and the country in which such shareholder is resident. A Shareholder resident outside the UK may also be subject to taxation on dividend income under local law. A Shareholder who is resident outside the UK for tax purposes should consult his own tax adviser concerning his tax position on dividends received from the Company.

#### 14.5 Taxation of Chargeable Gains

A sale or other disposal of the Ordinary Shares may, subject to any available reliefs and exemptions, give rise to a chargeable gain (or allowable loss) for the purposes of UK taxation of chargeable gains.

### *Individuals and Trustees*

Chargeable gains realised on a disposal of Ordinary Shares by an individual or trustee resident and ordinarily resident in the UK will be subject to capital gains tax which is charged at a rate of 28 per cent. for those individuals whose total income and gains exceed the income tax basic rate limit, and at a rate of 18 per cent. where total income and gains fall below the basic rate limit. A flat rate of 28 per cent. applies for trustees and personal representatives. An individual shareholder who disposes of Ordinary Shares while only temporarily not resident in the UK for tax purposes, may, under anti-avoidance legislation, still be liable to UK tax on his or her return to the UK. A period of non-residence of less than 5 whole tax years prior to the year in which the shareholders returns to the UK will be treated as a temporary period for these purposes. Shares of the same class acquired by the same person and in the same capacity are “pooled” and treated as a single asset growing or diminishing as shares of the same class are acquired or disposed. This is subject to specific rules dealing with same day purchases or acquisitions within 30 days of a disposal. Accordingly on a part disposal of the relevant shareholding the gain (or loss) will be computed by reference to that proportionate part of the aggregate cost of the holding attributable to the shares disposed. With effect from 6 April 2008 indexation relief is not available to individuals and trustees in computing any gain subject to capital gains tax.

### *Companies*

UK resident corporate shareholders are subject to corporation tax on their chargeable gains. Gains realised by such companies, as reduced by available indexation relief, are subject to corporation tax at the Company’s relevant rate. The full rate of corporation tax is currently 24 per cent. which will reduce

to 23 per cent. from 1 April 2013. Indexation relief is deductible in computing any gain arising on a disposal of, or out of, the holding and is computed by reference to the movement in the Retail Price Index over the period of ownership applied to the costs of the holding, or that part of the holding, disposed. As for individuals and trustees, shares of the same class held by a corporate shareholder are “pooled”.

#### *Non Residents*

Shareholders who are not resident or ordinarily resident in the UK and who are not affected by the rules relating to temporary non residence will, save in limited circumstances, not be liable to UK taxation on chargeable gains realised on the disposal of their Ordinary Shares. Such shareholders may be subject to foreign taxation on any gain realised under the local law of their country of residence and should consult their own tax adviser concerning their tax liabilities on such gains.

#### 14.6 Inheritance Tax

The Ordinary Shares are considered, potentially, to qualify for business property relief for the purposes of inheritance tax. Shares in an unquoted company (other than an investment company or one which carries on a business consisting wholly or mainly of dealing in securities, stocks, shares, land and buildings) potentially attract full relief (as business property) from inheritance tax where the shares have been held for 2 years prior to the chargeable transfer for inheritance tax purposes.

#### 14.7 Enterprise Investment Scheme

The Ordinary Shares issued pursuant to the Placing should be eligible for relief under the Enterprise Investment Scheme (the “Scheme”) and the VCT Placing Shares should be eligible for relief under the Venture Capital Trust Scheme (“the VCT Scheme”) as the Company has obtained advance assurance from HM Revenue & Customs that it is a Qualifying Company for the purposes of the Scheme and VCT Scheme.

#### 14.8 Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

Transfers of Ordinary Shares may give rise to liabilities to stamp duty or SDRT. The paragraphs below summarise the current position and are intended as a general guide only to stamp duty and SDRT. Special rules apply to agreements made by brokers, dealers and market makers in the ordinary course of their business and to certain categories of person (such as depositaries and clearance services) who may be liable to stamp duty or SDRT at a higher rate. No liability to stamp duty or SDRT will generally arise on the allotment and issue of new Ordinary Shares by the Company.

##### *Transfers outside CREST*

An instrument (generally a stock transfer form) transferring Ordinary Shares outside CREST will be liable to ad valorem stamp duty broadly at a rate of 0.5 per cent. of the actual consideration paid. Stamp duty is normally paid by the purchaser. An unconditional agreement to transfer such shares, if not completed by a duly stamped stock transfer form, within 2 months of the day on which the agreement is made or becomes unconditional, will be subject to SDRT (payable by the purchaser and generally at a rate of 0.5 per cent. of the consideration paid). If within 6 years of the date of the agreement an instrument of transfer is executed pursuant to the agreement and stamp duty is paid on the instrument any liability to SDRT will be cancelled or repaid.

##### *Transfers with CREST*

Paperless transfers of Ordinary Shares within CREST will be charged to SDRT (rather than stamp duty) at a rate of 0.5 per cent. of the consideration paid. SDRT is payable by the purchaser. CREST is obliged to collect SDRT on relevant transactions settled within the system.

## **15. General**

- 15.1 There are no patents or other intellectual property rights, licenses or particular contracts which are of fundamental importance to the Group's business. The business of the Group is the licensing and exploitation of audio and visual copyright from the copyright holders or their agents.
- 15.2 The total costs and expenses relating to Admission and the Placing are payable by the Company, and are estimated to amount to £220,000 excluding VAT.
- 15.3 The financial information concerning the Group set out in Part III of this Document does not constitute statutory accounts within the meaning of Section 434(3) of the Act.
- 15.4 Statutory accounts of the Company for the years ended 31 October 2010 and 31 October 2011 have been filed with the Registrar of Companies in England and Wales and statutory accounts of the Company for the year ended 31 October 2012 will be so filed in due course. James Cowper LLP has made reports on the statutory accounts of the Company for such periods. Such reports were unqualified and contained no statement under section 498(2) or 498 (3) of the Act.
- 15.5 There have been no interruptions in the business of the Group, which may have or have had in the 12 months preceding the publication of this Document a significant effect on the financial position of the Group or which are likely to have a material effect on the prospects of the Group for the next 12 months.
- 15.6 Save as set out in Part 1 of this Document, the Directors are not aware of (i) any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects in the period commencing on the date of this Document until 31 October 2013 or (ii) any trends in production, sales and inventory, and costs and selling prices between 31 October 2012 and the date of this Document.
- 15.7 The Ordinary Shares are in registered form and may be held in certificated or uncertificated form. No temporary documents of title will be issued. The ISIN number of the Ordinary Shares is GB00B1DRDZ07
- 15.8 There are no investments in progress which are significant to the Group.
- 15.9 The Directors are not aware of any environmental issues that may affect the Group's utilisation of its tangible fixed assets.
- 15.10 Within this Document, where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that party, no facts have been omitted which would render the produced information inaccurate or misleading.
- 15.11 Save as disclosed in this Document, no person (other than the Company's professional advisers otherwise disclosed in this Document and the Company's trade suppliers) has within the twelve months preceding the date of this Document received, directly or indirectly from the Company, or entered into contractual arrangements to receive, directly or indirectly from the Company, on or after Admission:
- 15.11.1 fees totalling £10,000 or more;
- 15.11.2 securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
- 15.11.3 any other benefit with a value of £10,000 or more at the date of Admission.
- 15.12 There have not been any public takeover bids by third parties in respect of the share capital of the Company in the last or current financial year.

- 15.13 The Company does not have any interest in any real property, nor any liability in relation to any real property. The Company operates from serviced offices, occupied under a tenancy agreement.
- 15.14 Save as disclosed in this Document, the Directors are not aware of any exceptional factors which have influenced the Company's recent activities.
- 15.15 James Cowper who have been auditors of the Company for the period covered by the historical financial information have given and not withdrawn their written consent to the inclusion in Part III of this Document of their report and the references thereto and to their name in the form and context in which they appear.
- 15.16 Cairn has given and has not withdrawn its written consent to the issue of this Document with the inclusion in it of references to its name in the form and context in which it appears.
- 15.17 Hybridan has given and has not withdrawn its written consent to the issue of this Document with the inclusion in it of references to their name in the form and context in which it appears.
- 15.18 The Placing Price represents a premium of 1,500 per cent. on the nominal value (£0.005) of an Ordinary Share.
- 15.19 Copies of this Document will be available free of charge during normal business hours on any weekday (except public holidays) at the offices of Cairn Financial Advisers LLP, 61 Cheapside, London EC2V 6AX from the date of this Document and shall remain available for a period of one month from Admission. Additionally, an electronic version of this Document will be available on the Company's website, [www.onemediaip.com](http://www.onemediaip.com).

Dated: 10 April 2013