30 September 2014

7digital Group plc

(“7digital”, “the Group” or “the Company”)

Half Year results for the period ended 30 June 2014

7digital Group (AIM: 7DIG) (formerly UBC Media Group plc), the digital music and radio services company, today announces its results for the half year ended 30 June 2014.

As a consequence of the reverse acquisition of 7digital Group Inc by UBC Media Group plc (“the Reverse Acquisition”) on 10 June 2014, the reported results for the half year to 30 June 2014 include six months of the 7digital Group and one month of the UBC Media Group.

Operational highlights

- Reverse acquisiton completed and net proceeds of £5.7m raised to fund the combined entity
- Shift from low margin content sales to high margin recurring platform licencing revenues has begun
- Integration of merged business completed within 3 months with all London staff now on one site
- Contract wins in the period from Guvera, Onkyo, ROK Mobile and a new agreement with BlackBerry
- 1.7m active monthly users of 7digital music app.
- Music library now 29m tracks with 150,000 added every week

Financial highlights

- Monthly Recurring Revenues (MRR) up 43% to £2.21m (2013: £1.55m)
- Turnover down 11% to £5.06m (2013: £5.68m) as low margin music download revenues decrease
- Gross Margin up to 49% from 43%
- Gross Profit up at £2.48m (2013: £2.45m)
- Adjusted LBITDA reduced by 9% to £1.81m (2013: £2.00m) (1)
- Adjusted Operating Loss reduced by 4% to £2.13m (2013: £2.22) (1)
- Statutory Loss for the period of £2.89m (2013: £2.24m)
- Cash balance at period end £5.3m

Post period-end Highlights

- Contracts for Radioplayer platform signed in Germany
- Expansion of US office and new contracts announced today with SBS, Lisnr and Pledge Music
- Strong growth in value of Audioboom investment to £13.5m, a gain of £8.3m since the period end

Simon Cole, Chief Executive, said**: “**I am pleased to report our first set of Interim results since the reverse acquisition of 7digital by UBC Media Group in June this year. Our strategy was to create a business that would benefit from the rapid growth in connected devices and the resulting significant changes occuring in the music and radio industries. The business is transitioning rapidly from low-margin sales of downloaded music to the provision of a platform from which our customers can quickly build new streaming services. We are already seeing the demand for our services in contracts won to date, rising monthly recurring revenues and in our sales pipeline. The Board are very excited about the potential of the combined business and, now the integration process is complete, we look to the future with confidence.”

Notes:

(1) Adjusted for share based payments (£0.3m) and exceptional items relating to the Reverse Acquisition (£0.3m)

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Chief Executive's Review

On 19 May this year we announced the reverse takeover of 7digital by UBC to create a new company which would take advantage of what we predicted would be the rapid growth in online and digital music and radio services. The new 7digital Group plc became reality on 10 June. The company combines 7digital's ten years of experience in creating digital music services for clients like Samsung, Blackberry and HMV with UBC's experience of developing the tools that are taking the global radio industry online and into mobile.

I am pleased to be able to present to you a set of results which, although financially only representing four weeks of the combined business, shows the rapid strategic progress the Group has made both in the integration of the companies themselves and in winning business in the sectors we have targeted.

The rapid expansion of the market for 'connected' devices – from mobile phones and tablets to wireless speakers in the home and connected TVs is changing the way consumers listen to both radio and music. Online and mobile streaming has become the fastest growing segment of the radio industry, with 25% of all listeners now saying that they listen to radio on their mobile phones at some time and nearly 6% of all listening being online or on mobile.

At the same time, the consumption of digital music is moving from 'download stores,' which sell individual music tracks and were the bedrock of the early years of digital, towards the consumption of digital music via 'streaming', where music is available on any device and is often 'curated' or selected into playlists to allow listeners quick and easy access to the type of music that they like. This is a more "radio like" experience. Digital music is engaging new consumers; those who are not necessarily technically savvy or particularly engaged with music. These demographics account for the vast majority of those who listen to music.

The changing device market also encourages this trend amongst consumers. Until recently, the computer desktop or the mobile phone was the place where digital music could be enjoyed. However, the rapid rise of the connected home and connected car is changing that. The worldwide market for in-home audio grew by 9% last year to reach 58.6m; however, within this, wireless speaker shipments grew by 167% and accounted for 35% of total new home audio devices. In the auto market, 5% of cars shipped in 2015 are predicted to have the ability to connect to the Internet, rising to 24% by 2020. Gartner, the research and advisory firm, has predicted that by 2020 there will be 26bn connected devices, an almost 30-fold increase from 2009.

This increase in connectivity is powering consumption of streamed music. Despite the fact that the revenues earned by the music industry have been in decline, consumption of music is in fact on the increase. The new music industry – with its many different 'comes with music' business models, creates the need for a growing supply infrastructure. Music is being 'rented' rather than 'owned' and 'shops' are therefore being replaced by 'services'. The supply of the tools to build those services is the core to 7digital's business and it is a growing sector. Whilst services from Apple, Google, Spotify and Amazon will target consumers directly, many companies, from radio stations to hardware manufacturers, do not want to become a conduit for these direct to consumer services and want to participate themselves in the revenue generated by streaming music services. Bundled music services are recognised as an important incentive to the purchase of hardware and are creating a 'comes with music' business model, which is being rapidly adopted in the connected marketplace.

7digital's future business model rests on building monthly recurring revenues from contracts to provide these services and I am pleased to be able to report that these revenues have grown strongly from £1.55m in the first 6 months of last year to £2.21m in this period, a 43% increase. All of this against a falling cost base – with both cost of sales and administration expenses falling – has led to an increase in gross profit.

As the low margin download stores which 7digital had traditionally provided for its clients diminish and these clients and others move to streaming services, we expect to see a positive shift in our gross margin with lower turnover but growing gross profit. In this period, it has increased from 43% to 49% as turnover from content sales is replaced by monthly recurring revenues. This transition will not necessarily be smooth and is occurring at a rate faster than anticipated; however, the direction of travel is more certain than ever.

7digital has a catalogue of 29m songs, with rights agreements in 22 territories and a technology platform from which we can quickly build services for our customers on any connected platform. Whether it is building a streamed music service, providing playlist services or online players for the radio industry, 7digital has all the necessary capabilities and is winning contracts in each sector.

In mobile, we have announced deals in the last few months with Guvera, an advertising funded service which is embedded on new Lenovo handsets and ROK Mobile, a 'comes with music' SIM card offering on Sprint and T-Mobile networks in the USA. We are working in the automotive market with Pioneer on connected dashboard solutions. In connected audio for the home we already provide services for Pure in the UK and US and recently announced a deal with Japanese Hi-Fi manufacturer Onkyo to bring their e-Onkyo music service to Europe. We expect to add shortly to these in-home customers.

In radio, we have licensed the "Radioplayer" platform – which creates a single online player for all radio stations in a given territory – to the radio industries in Belgium, Norway and Germany, with more territories to follow. As well as securing recurring revenues, this gives us an important relationship with the industry in those countries from which to develop other services. We believe that radio companies provide an important future market for us as they begin to use their brands, marketing power and curation skills to develop music services of their own. A good example of this is the contract, also announced today, with US broadcaster SBS to create a service which allows them to offer subscription music channels to their listeners in tandem with their traditional radio offering.

The US is an area in which we are enjoying particularly strong growth. As well as the deal with ROK Mobile and SBS, we have won contracts with new music services Lisnr – which customises music for your location and mood and Pledge Music – a service based around fans of particular artists. We are investing in our US presence and have hired new sales executives for our San Francisco office in order to take advantage of growth in that territory.

The connected world will open opportunities for all types of content. We also believe in the importance of the spoken word in the digital audio market and are the largest single shareholder in fast-growing audio platform "Audioboom" which UBC Media Group helped found five years ago. Our 19.7% holding (including warrants) is currently valued at just over £13m, having been valued at the time of the merger at £5.1m.

Operationally, the integration of the two companies was completed before the end of August, within 10 weeks of completing the Reverse Acquistion. We have combined all London based staff on one site, allowing us to exit at the end of our lease on the old UBC premises in Lisson Street NW1. This will result in overhead savings from September. It also means that our content and technology teams are already working together on the kind of radio-like services which our sales pipeline tells us are in demand from new customers entering this market.

The enlarged business is now in a strong position to capitalise on the rapid growth occuring in the digital music industry. The future success of 7digital will be underpinned by growth in monthly recurring revenues, derived from license fees paid for use of the Group's music and radio platform. Demand for these services is expected to be driven by a number of factors including an increase in the number of connected devices, new customers coming to market, continued product innovation and international expansion.

Simon Cole
Chief Executive Officer
30 September 2014

7digital Group plc

Chief Financial Officer's Review

Results for the six months ending 30 June	2014 £'000	2013 £'000	Change	%
Revenue	5,057	5,678	(621)	-11%
Cost of Sales	(2,579)	(3,228)	649	-20%
Gross profit	**2,478**	**2,450**	**28**	**1%**
Other administration expenses	(4,292)	(4,449)	157	-4%
Adjusted LBITDA	**(1,814)**	**(1,999)**	**185**	**-9%**
Depreciation	(312)	(222)	(90)	41%
Adjusted operating loss	**(2,126)**	**(2,221)**	**95**	**-4%**
Share based payments	(290)	-	(290)	n/a
Exceptional items	(315)	-	(315)	n/a
Operating loss	**(2,732)**	**(2,221)**	**(511)**	**23%**
Taxation on continuing operations	(7)	(16)	9	-57%
Finance cost	(34)	-	(34)	n/a
Loss for the period	**(2,772)**	**(2,237)**	**(534)**	**24%**
Fair value loss on investment	(115)	-	(115)	n/a
Total comprehensive income	**(2,887)**	**(2,237)**	**(534)**	**24%**

Following the reverse acquisition of 7digital Group Inc by UBC Media Group plc ("the Reverse Acquisition") in June 2014, the Group is required to treat 7digital Group Inc as the acquiring company, with the reported trading results relating solely to the 7digital business for the comparative period in 2013. The reported results for the half year to 30 June 2014 include the post acquisition results of UBC Media Group plc.

Revenue

	2014 £'000	2013 £'000	Change	%
Monthly recurring revenue	2,210	1,546	664	43%
One-off Licensing revenue	281	568	(287)	-51%
Licensing revenue	**2,491**	**2,114**	**377**	**18%**
Content	2,376	3,564	(1,188)	-33%
Production	190	-	190	
Total Revenues	**5,057**	**5,678**	**(622)**	**-11%**

The change in revenue mix led to an increase in gross profit, and a more significant increase in the gross margin, which has risen from 43% to 49% as higher margin licence sales have grown. The Group has maintained tight management of costs in the underlying business, with administration expenses falling by 4% to £4.29m.

Adjusted LBITDA and operating loss

In the six months to 30 June 2014 7digital reduced its adjusted LBITDA from £2.00m to £1.81m, and its adjusted operating loss from £2.22m to £2.13m. This reduction in loss was despite an 11% drop in revenue. This is due to the fact that there has been a change in the mix of revenues of the business. Our high-margin business to business ("B2B") revenues have continued to enjoy strong growth, rising by 18% overall, and in the strategically important monthly recurring revenues we have seen a year-on-year increase of 43%. This growth has been offset by a fall in the Content revenue, which is driven by the fall in the sale of MP3 downloads, as streaming services continue to canabalise downloads services within the digital music industry. The Production businesses acquired as part of the transaction were consolidated for the period following the transaction on 10 June, and provided £190k of revenue.

Operating loss
The operating loss has widened in the period, from £2.22m to £2.73m, due to the exceptional costs of the Reverse Acquisition itself (£315,000).

Loss from operations
The Loss from operations also widened in the period, from £2.24m to £2.77m due to an increase in the depreciation charge to £312,000 (2013: £222,000).

Fair value loss on investment

The fair value loss on investment relates to the change in the value of our stake in Audioboom Group plc ("Audioboom") which was purchased as part of the Reverse Acquisition. On the date of acquisition the fair value of this was £5.25m, whereas at the balance sheet date this had fallen to £5.14m. It is noted that at the date of this report the value of the Group's stake in Audioboom is £13.5m.

Cash flow & cash position

In the six months to 30 June 2014 7digital had a cash outflow from operating activities of £2.71m (H1 2013: £3.32m). The Group had an inflow of cash from investing activities of £6.69m as a result of the fundraise which occurred at the same time as the Reverse Acquisition. At 30 June 2014, 7digital had cash in the bank of £5.29m (H1 2013: £1.42m).

Loss per share

In the six months to 30 September 2014 7digital reported a basic and diluted loss per share of 2.55 pence.

Dividend

As in the previous year, the board has decided not to pay a dividend for this interim period.

Principal risks and uncertainties

The principal risks and uncertainties which could affect the business for the remainder of the financial year remain unchanged from those set out in the 7digital Group plc (formerly UBC Media Group plc) Annual Report and Financial Statements 2014. Risks include:

- The Group is reliant on continuing to win new B2B licensing business in order to drive the Group to profitability. There is a risk that management will be unable to secure new contracts or that the anticipated demand for the Group's services will not materialise. However, the directors believe that the Group is well placed to continue to grow the business in order to reach profitability in the medium term.
- The market in which the Group operates is fragmented and competitive and new players may enter the market. It is possible that developments by either the direct competition, or the competitors to customers, will render the Group's current and proposed products and services obsolete. Increased competition may also cause price reductions, reduced gross margins and loss of market share, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.
- The market in which the Group operates has seen a number of significant changes, such as the shift from physical sales, through to downloads, and then onto streaming. The Group's competitors, or the competitors of the Group's customers, may announce or develop new products, services or enhancements that better meet the needs of customers or the end consumers.
- The Group relies on a number of key customers. Failure by key client to fulfil or renew existing contracts or sign up to new revenue streams could have a material adverse effect on the financial condition of the Group.
- The Group has a number of key suppliers of music content. The Group believe that these content rights which the Group has built up over a number of years are key to the success of the Group's business, and are also a significant barrier to entry to new competition within the market. There is no certainty that the rights holders will not limit or change the way or the price at which the Group is able to use the music content.

Chris Dent
Chief Financial Officer
30 September 2014

7digital Group plc

Condensed consolidated statement of comprehensive income

Six months ended 30 June 2014 (unaudited)

	Notes	**Unaudited six months ended 30 Jun 2014**	**Unaudited six months ended 30 Jun 2013**	**Audited full year ended 31 Dec 2013**
		£'000	**£'000**	**£'000**
Revenue	2	**5,057**	5,678	11,554
Cost of sales		**(2,579)**	(3,228)	(6,107)
Gross profit		**2,478**	2,450	5,447
Administrative expenses		**(5,209)**	(4,672)	(10,044)
Adjusted operating loss		**(2,127)**	(2,221)	(4,436)
- Share based payments		**(290)**	-	(161)
- Exceptional items	3	**(315)**	-	-
Operating loss		**(2,732)**	(2,221)	(4,597)
Finance cost		**(34)**	-	(65)
Loss before tax		**(2,765)**	(2,221)	(4,662)
Taxation on continuing operations		**(7)**	(16)	(15)
Loss for the period attributable to owners of the parent company		**(2,772)**	(2,237)	(4,677)
Fair value loss on investment		**(115)**	-	-
Total comprehensive income attributable to owners of the parent company		**(2,887)**	(2,237)	(4,677)
Loss per share (pence)				
Basic		**(2.55)**	(1.23)	(2.56)
Diluted		**(2.55)**	(1.23)	(2.56)

7digital Group plc

Condensed consolidated statement of financial position

As at 30 June 2014 (unaudited)

	Notes	Unaudited six months ended 30 Jun 2014 £'000	Unaudited six months ended 30 Jun 2013 £'000	Audited full year ended 31 Dec 2013 £'000
Assets				
Non-current assets				
Property, plant and equipment		**1,033**	1,174	694
Investments in associate	5	**4,786**	-	-
Derivative financial instrument	5	**351**	-	-
		6,170	1,174	694
Current assets				
Inventory: work-in-progress		**183**	-	-
Trade and other receivables		**3,547**	3,521	2,693
Cash and cash equivalents		**5,294**	1,421	1,290
		9,024	4,941	3,983
Total assets		**15,194**	6,116	4,677
Current liabilities				
Trade and other payables		**(7,768)**	(5,872)	(6,572)
Provisions for liabilities and charges - current		**-**	-	(140)
		(7,768)	(5,872)	(6,712)
Net current assets		**1,256**	(930)	(2,729)
Net assets		**7,426**	244	(2,035)
Equity				
Share capital		**10,833**	-	-
Share premium account		**17,265**	11,477	11,477
Treasury reserve		**(183)**	-	-
Reverse acquisition reserve		**(4,380)**	-	-
Retained earnings		**(16,109)**	(11,233)	(13,512)
Total Equity		**7,426**	244	(2,035)

7digital Group plc

Condensed consolidated cash flow statement

Six months ended 30 June 2014 (unaudited)

	Notes	Unaudited six months ended 30 Jun 2014 £'000	Unaudited six months ended 30 Jun 2013 £'000	Audited full year ended 31 Dec 2013 £'000
Loss for the period		**(2,772)**	(2,237)	(4,677)
Adjustments for:				
Taxation		**7**	16	15
Interest		**30**	7	65
Negative goodwill released to income		**(22)**	-	-
Depreciation of fixed assets		**313**	222	278
Share option valuation adjustment		**290**	-	161
(Decrease) in provisions		**(3)**	-	-
Decrease in inventories		**10**	-	-
(Increase) in trade and other receivables		**(157)**	(1,309)	(481)
(Decrease) / increase in trade and other payables		**(408)**	9	166
Cash flows from operating activities		**(2,712)**	(3,292)	(4,473)
Taxation		**(7)**	(16)	(15)
Net cash used in operating activities		**(2,719)**	(3,315)	(4,488)
Investing activities				
Purchase of property, plant and equipment		**(120)**	(647)	(513)
Acquisition of subsidiary		**198**	-	-
Net cash generated from / (used) in investing activities		**78**	(647)	(513)
Financing activities				
Proceeds from issue of convertible loan note		**-**	-	1,000
Interest paid		**-**	-	(53)
Proceeds from issue of ordinary share capital		**6,691**	-	-
Net cash generated from in financing activities		**6,691**	-	947
Net increase / (decrease) in cash and cash equivalents		**4,050**	(3,955)	(4,054)
Cash and cash equivalents at beginning of period		**1,290**	5,344	5,344
Effect of foreign exchange rate changes		**(46)**	32	-
Cash and cash equivalents at end of period		**5,293**	1,421	1,290

7digital Group plc

Condensed consolidated statement of changes in equity

Six months ended 30 June 2014 (unaudited)

	Share capital £'000	Share premium account £'000	Treasury reserves £'000	Reverse acquisition reserve £'000	Retained earnings £'000	**Total £'000**
At 1 January 2013	-	11,477	-	-	(8,996)	**2,481**
Loss for the period	-	-	-	-	(2,237)	**(2,237)**
Corporate Activity	-	-	-	-	-	**-**
Dividends	-	-	-	-	-	**-**
At 30 June 2013	-	11,477	-	-	(11,233)	**244**
Loss for the period	-	-	-	-	(2,440)	**(2,440)**
Share based payment	-	-	-	-	161	**161**
At 1 January 2014	-	11,477	-	-	(13,512)	**(2,035)**
Loss for the period	-	-	-	-	(2,772)	**(2,772)**
Other comprehensive income for the period	-	-	-	-	(115)	**(115)**
Share based payment	-	-	-	-	290	**290**
Acquisition of subsidiary	10,833	5,788	(183)	(4,380)	-	**12,348**
At 30 June 2014	**10,833**	**17,265**	**(183)**	**(4,380)**	**(16,109)**	**7,426**

7digital Group plc

Notes to the financial statements

Six months ended 30 June 2014 (unaudited)

1. Presentation of financial information and accounting policies

Basis of preparation

The condensed consolidated financial statements are for the six months to 30 June 2014. During the period under review 7digital Group plc (formerly UBC Media Group plc) completed the acquisition of 7digital Group, Inc. The directors determined that the transaction was a reverse acquisition as per IFRS3, Business Combinations.

The results contained herein treat 7digital Group Inc as the acquiring company. Therefore the historical comparatives are the comparatives of the consolidated 7digital Group Inc rather than that of 7digital Group plc (formerly UBC Media Group plc). 7digital Group Inc had a 31 December year end. 7digital Group plc (formerly UBC Media Group plc) had a 31 March year end, and as part of the transaction it changed its year end to 31 December. Therefore, the current year interim contains 6 months of 7digital Group Inc, and the post-acquisition results of 7digital Group plc (formerly UBC Media Group plc).

The combined financial information has been prepared in accordance with the International Financial Reporting Standards (IFRS). 7Digital Group plc accounting policies are in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and as issued by the International Accounting Standards Board, and are set out in the 7Digital Group plc Annual Reports and Financial Statements 2014, with the exception of the application of new accounting standards.

The information for the six months ended 30 June 2014 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The information for the year ending 31 December 2013 is taken from the Admission Document, Part IV- Historical Financial Information on 7digital, on which the Reporting Accountants gave a clean opion in accordance with the Standards of Invstment Reporting issued by the Auditing Pactices Board in the United Kingdom.

Going concern

The condensed financial statements have been prepared on a going concern basis. At the period end, the Group had cash and cash equivalents of £5.3m. The directors are satisfied that there are sufficient resources available for the Group to continue for the foreseeable future. As such the condensed and consolidated financial statements have been prepared on a going concern basis.

Estimates and judgments

The preparation of a condensed set of financial statements requires management to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities at each period end. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

In preparing these condensed set of consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were principally the same as those applied to the Group's consolidated financial statements as at and for the year ended 31 March 2014.

2. Business and geographical segments

Business segments

	Unaudited six months to 30 Jun 2014	Unaudited six months to 30 Jun 2013	Audited full year ended 31 Dec 2013
	£'000	£'000	£'000
Revenue			
Licensing	**2,491**	2,114	4,949
Content	**2,376**	3,564	6,605
Production	**190**	-	-
Total	**5,057**	5,678	11,554
Operating profit/(loss)			
Licensing	**2,229**	2,227	4,715
Content	**217**	223	732
Production	**31**	-	-
Unallocated	**(5,209)**	(4,672)	(10,044)
Total	**(2,732)**	(2,221)	(4,597)
Finance cost	**(34)**	-	(65)
Taxation	**(7)**	(16)	(15)
Loss for the year	**(2,772)**	(2,237)	(4,677)

Geographical information

	Revenue		Non-current assets	
Unaudited six months to 30 June 2014	**2014**	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
United Kingdom	**1,759**	1,851	**1,033**	**1,171**
Europe	**1,014**	1,432	**-**	1
Rest of World	**2,284**	2,395	**-**	2
	5,057	5,678	**1,033**	1,174

3. Exceptional Items

	Unaudited six months ended 30 June 2014	Unaudited six months ended 30 June 2013	Audited full year ended 31 Dec 2013
	£'000	**£'000**	**£'000**
Reverse acquisition expenses	**(337)**	-	-
Adjustment on acquisition	**22**	-	-
Total	**(315)**	-	-

On 10 June 2014 7digital Group plc (formerly UBC Media Group plc) acquired 7digital Group Inc. This was accounted for as a reverse acquisition. As part of this transaction 7digital Group Inc incurred a variety of legal and professional fees which have been classified as exceptional items due to their one-off nature and magnitude. As part of the accounting for the acquisition the fair value of the assets acquired and the consideration paid were measured, as this resulted in an excess credit being recognised, this was not capitalised, but taken to the income statement as an exceptional item.

4. Acquisition

On 10 June 2014, UBC Media Group plc acquired 7digital Group Inc, and subsequently changed its name to 7digital Group plc. On a legal basis the transaction was an acquisition by 7digital Group plc (formerly UBC Media Group plc) of 7digital Group Inc. However, from an accounting and AIM Rules basis, the transaction constituted a reverse acquistion.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Book value	Fair value adjustments	**Fair value**
	£	£	**£**
Goodwill	1,173	(1,173)	**-**
Property plant and equipment	40	-	**40**
Investments	630	4,622	**5,252**
Inventory: work in progress	193	-	**193**
Patent	77	(77)	**-**
Trade and other receivables	524	-	**524**
Loans	1,205	-	**1,205**
Cash and cash equivalents	198	-	**198**
Trade and other payables	(1,449)	-	**(1,449)**
Provisions - current	(478)	-	**(478)**
Deferred tax liability	(235)	(235)	-
	1,879	3,607	5,486
Adjustment on acquisition			**(22)**
Total consideration			**5,464**

The transaction was satisfied by share swap of 20,445,094 ordinary shares at a value of £0.27 per share, with the consideration reduced by £56,327 which was related to share options isssued post transaction to 7digital employees in respect of pre-acquisition performance. The difference between the total consideration and the fair value of the assets purchased was a credit which was taken to the income statement and has been classified as an exceptional item.

5. Investment

	£'000
Balance as at 1 January 2014	-
Reverse acquisition	5,252
Mark-to-market adjustment	(115)
Balance as at 30 June 2014	**5,137**

The amounts included above represent investments in Audioboom Group plc ("Audioboom"), an AIM listed company, which was acquired as part of the reverse acquisition of UBC Media Group plc. The Group owns 87m shares in Audioboom, and has a further 8.8m of warrants exercisable at 1.5 pence. The 87m shares were valued at the stock market valuation on 30 June 2014 of 5.62p each, resulting in a total valuation of £4.89m, and the warrants were also fair valued at £361,000. If the warrants were excerised the Group would own 19.7% of the issued share capital of Audioboom Group plc.

6. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed within the financial statements or related notes.