

QUARTERLY REPORT UNITED COMMUNICATIONS PARTNERS – Q1 2013

Stockholm 30 May 2013

Letter from Chairman:

During the first quarter this year we saw significant client media investments in our subsidiaries Tre Kronor Media and Nyheter365 with new client gains and increased budgets from existing clients.

Tre Kronor Denmark made a strong start proving themselves with satisfied clients in our new market. Comparing Q1-12 on Q1-13, net revenues in UCP increased by 127% with our new clients from last year taking off. However our gross profit decreased by 19% due to investments in staff, which has increased by 10 employees since Q1-12.

The net loss is a great improvement from last year's first quarter and one step closer to profitability. We went from USD –368 K to USD –37 K. Net loss from operations was also improved showing that not only our dividends from minority holdings contribute to our profitability but also operations in our subsidiaries are growing and contributing to the bottom line. Looking at the whole group Q1-12 vs. Q1-13 the media buying has increased by 12% of which our ownership share has improved by 25%.



Niclas Fröberg

Chairman of the Board

United Communications Partners Inc.

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United Communications Partners Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands of USD)

<u>Assets</u>	<u>March 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 858	\$ 2,270
Accounts receivable, net	10,106	3,899
Costs and estimated earnings in excess of billings on projects in progress	1,725	1,782
Value added tax refund receivable		410
Prepaid expenses and other current assets	<u>568</u>	<u>510</u>
 Total current assets	 13,257	 8,871
 Equipment, net	 110	 121
Equity investments	1,158	991
Note receivable	581	
Goodwill	2,954	2,954
Other intangible assets, net	<u>354</u>	<u>396</u>
 Total assets	 \$ <u>18,414</u>	 \$ <u>13,333</u>

The accompanying notes are an integral part of these condensed consolidated financial statements

United Communications Partners Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (continued)
(In thousands of USD)

<u>Liabilities</u>	<u>March 31, 2013</u>	<u>December 31, 2012</u>
Current liabilities:		
Accounts payable	\$ 15,118	\$ 11,380
Accrued expenses and other current liabilities	2,067	604
Billings in excess of costs and estimated earnings on projects in progress	307	336
Note payables, net of discount	51	106
Advances from related parties	21	51
 Total current liabilities	 17,564	 12,477
 Contingent consideration – Tre Kronor	 20	 4
 Total liabilities	 17,584	 12,481
 Non controlling interest	 24	 8
 Commitments and contingencies		
 <u>Stockholders' Equity</u>		
Preferred stock \$0.001 per share par value; 100,000,000 authorized; 0 issued and outstanding.	-	-
Common stock \$0.001 per share par value; 2,000,000,000 shares authorized, 1,617,887,264 shares issued, and 1,610,887,264, shares outstanding at March 31, 2013; 1,617,887,264 shares; issued, and 1,610,887,264 outstanding at December 31, 2012.	1,618	1,618
Additional paid-in capital	9,179	9,179
Accumulated deficit	(9,660)	(9,621)
Treasury stock, at cost, 7,000,000	(7)	(7)
Accumulated other comprehensive loss	(324)	(325)
 Total Stockholders' equity	 806	 844
 Totals liabilities and stockholders' equity	 \$ 18,414	 \$ 13,333

The accompanying notes are an integral part of these condensed consolidated financial statements

United Communications Partners Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)
(In thousands of USD, except for per share amounts)

	For the three months ended March 31,	
	2013	2012
Net revenues	\$ 6,393	\$ 2,813
Cost of revenues	(5,252)	(1,400)
Gross Profit	1,141	1,413
Selling, general and administrative expenses	(1,269)	(1,681)
Depreciation and amortization	(58)	(60)
Loss from continued operations	(186)	(328)
Other income (expense), net:		
Income from equity investment's	170	5
Gain from change in fair value of derivative liabilities	-	78
Gain (loss) from change in fair value of contingent consideration	(14)	-
Loss from disposal of equipment	(1)	-
Interest expense	(10)	(104)
Total other income (expense), net	145	(21)
Loss before income taxes and non controlling interest	(41)	(349)
Net (profit) loss attributable to non controlling interest	4	(19)
Loss available to common shareholders	\$ (37)	\$ (368)
Loss per share – Basic and diluted:		
Continuing operations	\$ (-)	\$ (-)
Discontinued operations	(-)	(-)
Net loss	\$ (-)	\$ (-)
Weighted-average shares outstanding:		
Basic and diluted	1,610,887,264	1,600,482,854

The accompanying notes are an integral part of these condensed consolidated financial statements

United Communications Partners Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands of USD)

	3 Months Ended March 31, 2013	3 Months Ended March 31, 2012
Cash flows from operating activities:		
Net loss	\$ (37)	\$ (368)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	16	19
Loss from disposal of equipment	1	-
Amortization of intangible assets	42	41
Amortization of debt discount	-	24
Amortization of deferred financing costs	-	1
Gain from change in fair value of derivative liabilities	-	(78)
Loss on change in fair value of contingent consideration	14	-
Stock based compensation	-	23
Income from equity investment	(170)	(5)
Accrued interest from note receivable	(5)	-
Non-Controlling interest	16	22
Changes in operating assets and liabilities:		
Accounts receivable	(6,205)	(896)
Cost and estimated earnings in excess of billings on projects	57	42
Prepaid expenses and other current assets	(58)	238
Accounts payable	3,739	1,790
Accrued liabilities	1,463	(132)
Value added tax refund receivable	410	-
Billings in excess of costs and estimated earnings	(28)	111
Net cash used in operating activities	(745)	832
Cash flows from investing activities:		
Purchase of equipment	(5)	(14)
Note receivable issued to Vision In Media	(578)	-
Net cash used in investing activities	(583)	(14)
Cash flows from financing activities:		
Repayment of debts	(55)	(242)
Net repayments from borrowings from related party	(30)	(30)
Proceeds from issuance of common stock, net of issuance costs	-	-
Financing activities from discontinued operations	-	-
Net cash provided by financing activities	(85)	(272)
Effect of exchange rates	1	41
Net increase (decrease) in cash	(1,412)	587
Cash at beginning of period	2,270	734
Cash at end of period	\$ 858	\$ 1,321
Supplemental information:		
Cash paid for interest	\$ 16	\$ 33
Non-cash investing and financing activities:		
Note payable converted into common shares	\$ -	\$ 22

The accompanying notes are an integral part of these condensed consolidated financial statements

UNITED COMMUNICATIONS PARTNERS INC
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Organization and Nature of Business

United Communications Partners Inc. (formerly known as Bark Group Inc), (“UCP” or the “Company”), is a holding company that currently conducts its operations through its wholly owned subsidiary Tre Kronor Media AB, (“TKM” or “Tre Kronor”) which was acquired on May 4, 2010 and Abrego Spain SL, which was established in November 2010.

InSight AS

Effective January 1, 2011 TKM acquired a non-controlling 30% interest in InSight AS (a Norwegian media company) pursuant to an agreement dated June 2, 2010 between Insight and TKM.

In the beginning of 2012 InSight AS issued 23,500 new shares against cash considerations, thus diluting TKM’s non-controlling interest from 30.1% to 27.1%. On September 18, 2012, TKM agreed to dispose 14,500 shares to the management of InSight A/S against a cash consideration of \$222,591(Norwegian Kronor 1,305,000). Pursuant to the transaction, TKM’s non-controlling interest will constitute 21% (50,000 shares).

CCCP Media AB

During September 2011, TKM formed a partnership with two unrelated individuals by establishing the Swedish company CCCP Media AB for a combined capital in CCCP AB of SEK 100,000 (\$14,583) in which TKM holds a non-controlling interest of 33.3% which is equivalent to SEK 33,333 (\$4,861).

Nyheter 365 AB (formerly Atna World AB)

On December 23, 2011 TKM acquired all issued and outstanding shares in the Swedish advertising company Nyheter 365 AB (formerly Atna World AB) (“Nyheter 365”) effectively January 1, 2011. Subsequent to the acquisition the name of the company was changed to Nyheter 365 AB.

As at January 1, 2012, the CEO of Nyheter 365 received 20% of the issued and outstanding shares in Nyheter 365, as part of his remuneration package, subsequent to which TKM holds a controlling interest of 80%.

Vision in Media Limited (VIM)

In January 2013, TKM acquired a 30% non-controlling interest (3,000 shares) in VIM for cash consideration of Pound Sterling (GPB) 420,000 (approximately \$683,000).

The transaction was re-negotiated subsequent to which the equity investment was cancelled and substituted by TKM’s issuance of a convertible note receivable totaling GPB 420,000 whereas GPB 370,000 (\$578,000) was disbursed on February 1, 2013. The note bears interest at a rate of 5% per annum and matures by the end of 2015. Upon maturity TKM have the opportunity to convert the note into 30% of the issued and outstanding shares in VIM. The loan agreement set forth that the current shareholder of VIM need’s the prior consent of TKM to:

- enter into any contract or transaction except in the ordinary and proper course of VIM’s business on arms length terms;
- arrange any overdraft or other borrowing facilities;
- issue or grant options over any shares, debentures or other securities of VIM;
- pay or make any dividend or other distribution;
- increase or in any way reorganize any part of VIM’s share capital;
- acquire or invest in another company or business or incorporate any subsidiary;
- create any encumbrance over any of VIM’s assets;
- give any guarantee or security in respect of the obligations of any other person

Vision in Media (VIM) is a UK based marketing, media and advertising consultancy agency. VIM is a platform for UK companies to expand into the Scandinavian market as well as Scandinavian companies entering the UK market.

Tre Kronor Media Danmark A/S

In February 2013, TKM participated in the establishing of the Danish media company Tre Kronor Media Danmark A/S (TKMDK). TKMDK was established with a combined capital of Danish Kroner 500,000, (approximately \$86,200) in which TKM holds a controlling interest of 80% which is equivalent to DKK 400,000, (approximately \$69,000).

Tre Kronor Create AB (TKC)

During the first quarter of 2013 TKM formed a partnership with one of leading member of the TKM staff by establishing the Swedish company TKC for a combined capital in TKC of SEK 100,000 (\$15,346) in which TKM holds a controlling interest of 80% which is equivalent to SEK 80,000 (\$12,277).

TKC was established with the purpose to separate advertising activities from TKM in order for TKM to focus entirely on its core competencies within media consultancy, media planning and media campaign execution. By employing a senior account director from the Swedish Ogilvy organization as MD and partner in TKC, the separation further ensures extensive focus on the Company's Swedish advertising activities.

During the second quarter of 2013 TKC will acquire the current advertising business from TKM, including employees working exclusively with advertising. The transaction will not affect the income statement of TKM..

Business

United Communications Partners and its subsidiaries (collectively, the "Company") offer its customers a network of advertising and media services. The Company's strategy is to acquire mid-size or make equity investments in well established businesses throughout Europe in order to form a European network of advertising and media agencies.

Going Concern

The accompanying unaudited condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern.

During the three months ended March 31, 2013 and 2012 the Company incurred net losses of \$37,000 and \$368,000 respectively. The Company continues to operate with a working capital deficiency (approximately \$4,307,000 at March 31, 2013) and has limited financial resources available to pay ongoing financial obligations as they become due.

The Company's operations used cash of \$745,000 during the three months ended March 31, 2013 as compared to a generation of cash from operations of \$832,000 during the three months ended March 31, 2012.

The Company's current source of funding, in addition to cash on hand, is any cash derived from operations, dividends from equity investments and an operating line of credit of approximately \$767,000.

These conditions raise substantial doubt about the Company's ability to continue as a going concern. Accordingly, the accompanying condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplates continuation of the Company as a going concern and the realization of assets and the satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the condensed consolidated financial statements do not necessarily purport to represent realizable or settlement values. These unaudited condensed consolidated financial statements do not include any adjustment that might result from the outcome of this uncertainty.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The unaudited condensed consolidated financial statements as of March 31, 2013 and 2012 include the accounts of UCP and its wholly-owned subsidiaries as described in Note 1. All intercompany transactions and balances have been eliminated in the consolidated financial information provided.

These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes thereto included in the Company's Annual Report for the year ended December 31, 2012. The Company's accounting policies are described in the Notes to consolidated Financial

Statements in its Annual Report for the year ended December 31, 2012, and updated, as necessary, in this Quarterly Report.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reported period. The Company evaluates all of its estimates on an on-going basis.

Significant estimates and assumptions include the valuation of acquired assets including goodwill, the useful lives of assets, revenue recognition, income tax valuation, stock valuation, debt discounts on notes payable, other intangible assets and bad debts. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation or set of circumstances that existed at the date of the consolidated financial statements, which management considered in formulating its estimate could change in the near term due to one or more future confirming events. Accordingly, actual results could differ in the near term from these estimates, and such differences could be material.

Revenue recognition

Most of the Company's client contracts are individually negotiated and accordingly, the terms of client engagements and the bases on which the Company earns commissions and fees vary significantly. Direct costs include fees paid to external suppliers where they are retained to perform part or all of a specific project for a client and the resulting expenditure is directly attributable to the revenue earned. Revenue is stated exclusive of VAT (value added tax), sales taxes and trade discounts.

The Company's revenue is typically derived from commissions on media placements and fees for advertising services. Revenue may consist of various arrangements involving fixed fees, commissions, or incentive-based revenue, as agreed upon with each client.

The Company earns commissions from referrals of services to other vendors, marketing agencies, who ultimately provide the end service to the customer. Commissions are generally earned on the date of broadcast or publication.

Revenue for the Company's fixed-fee contracts is recognized when all of the following criteria are satisfied: (i) persuasive evidence of an arrangement exists; (ii) the price is fixed or determinable; (iii) collectability is reasonably assured; and (iv) services have been performed. Depending on the terms of a client contract, fees for services performed can be recognized in two principal ways: proportional performance or completed contract.

- Fixed-fee contracts are generally recognized as earned based on the proportional performance method of revenue recognition. In assessing contract performance, both input and output criteria reviewed. Costs incurred are used as an objective input measure of performance. The primary input of all work performed under these arrangements is labor. As a result of the relationship between labor and cost, there is normally a direct relationship between costs incurred and the proportion of the contract performed to date. Costs incurred as a proportion of expected total costs is used as an initial proportional performance measure. This indicative proportional performance measure is always subsequently validated against other more subjective criteria (i.e. relevant output measures) such as the percentage of interviews completed, percentage of reports delivered to a client and the achievement of any project milestones stipulated in the contract. In the event of divergence between the objective and more subjective measures, the more subjective measures take precedence since these are output measures.
- Certain fees (such as for marketing services related to rebates offered by clients to their external customers) are deferred until contract completion as the final act is so significant in relation to the service transaction taken as a whole. Fees are also recognized on a completed contract basis if any of the criteria of the Financial Accounting Standards Board (FASB), Accounting Standard Codification (ASC) 605-10-S99, *Revenue Recognition*, were not satisfied prior to job completion or if the terms of the contract do not otherwise qualify for proportional performance.

Incentive-based revenue typically comprises quantitative criteria. Revenue is recognized when the quantitative targets have been achieved.

In compliance with FASB ASC 605-45 *Principal Agent Considerations*, Reporting Revenue Gross as a Principal versus Net as an Agent, the Company assess whether its agency or the third-party supplier is the primary obligor. The Company evaluate the terms of its client agreements as part of this assessment. In addition, the Company gives appropriate consideration to other key indicators such as latitude in establishing price, discretion in supplier selection and credit risk to the vendor. For a substantial portion of its client contracts the Company acts as principal as the Company are the primary obligor and bear credit risk related to the services it provide. In these contracts the Company record revenues and costs of revenues gross. In certain contracts the Company records a net amount principally on those contracts where the Company only earn a commission.

Foreign Currency

The Company has determined Swedish Kronor as the functional currency of its foreign operations. Accordingly, these foreign subsidiaries income and expenses are translated into U.S. dollars, the reporting currency of the Company, at the average rates of exchange prevailing during the year. The assets and liabilities are translated into U.S. dollars at the rates of exchange on the balance sheet date and the related translation adjustments are included in accumulated other comprehensive income (loss). During the three months ended March 31, 2013 and 2012 transaction gains and losses were not material.

During the three months ended March 31, 2013 and 2012 the related translation adjustment which was included in other comprehensive income (loss) was as follows:

	2013	2012
Net (loss) available to common stockholders	\$ (37,000)	\$(368,000)
Translation adjustment	<u>\$ 1,000</u>	<u>\$ (46,000)</u>
Comprehensive loss	<u>\$ (36,000)</u>	<u>\$(414,000)</u>

Loss per Share

Basic net loss per share has been calculated by dividing net loss by the weighted average number of common shares outstanding during the period. UCP had securities outstanding which could potentially dilute basic earnings per share in the future, but the incremental shares from the assumed exercise of these securities were excluded in the computation of diluted net loss per share, as their effect would have been anti-dilutive.

Impairment of Long-Lived Assets

The Company annually, or whenever events or changes in circumstances indicate that the carrying amounts of such assets may not be recoverable, assesses the carrying value of long-lived assets in accordance with Financial Accounting Standards Board ("FASB") issued ASC 360-10. The Company evaluates the recoverability of long-lived assets not held for sale by measuring the carrying amount of the assets against the estimated undiscounted future cash flows associated with them. If such evaluations indicate that the future discounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their estimated fair values.

Goodwill and Intangible assets – Finite lives

The Company accounts for its acquisitions utilizing the purchase method of accounting. Under the purchase method of accounting, the total consideration paid is allocated to the underlying assets and liabilities, based on their respective estimated fair values. The excess of purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Determining the fair value of certain acquired assets and liabilities, identifiable intangible assets in particular, is subjective in nature and often involves the use of significant estimates assumptions. Finite-lived identifiable intangible assets are amortized over its expected life on a straight-line basis, as this basis approximates the expected cash flows from the Company's existing finite-lived identifiable intangible assets over the expected future.

UCP acquired all the shares of TKM on May 4, 2010. The acquisition was completed pursuant to a share transfer agreement entered into between UCP and the shareholders of TKM. The Company recorded goodwill in connection with the excess cost over fair value of the net assets acquired.

Goodwill is accounted for under FASB ASC 350, the goodwill is tested for impairment on an annual basis or whenever facts or circumstances indicate that the carrying amounts may not be recoverable. The Company elected to conduct its impairment tests in March. The Company's reporting unit is tested individually for impairment by comparing the fair value of the reporting unit with the carrying value of that unit. Fair value is determined based on a valuation study performed by the Company using the discounted cash flow method and the estimated market values of the reporting units. There was no impairment of goodwill during the three months ended March 31, 2013.

Equity investments

Investments in business entities in which the Company lacks a controlling financial interest but does have the ability to exercise significant influence over operating and financial policies are accounted for using the equity method. The Company's proportionate share of net income or loss of such entity is recorded in "Income from equity investment" and "Loss from equity investment" included in "Other income (expense), net" on the Condensed Consolidated Statements of Operations.

Subsequent Events

The Company evaluated subsequent events through the date the financial statements were issued.

Segment Information

FASB ASC 280 *Segment Reporting, Disclosures about Segments of an Enterprise and Related Information*, establishes standards for reporting information on operating segments in interim and annual financial statements. The Company operates in one segment which is providing advertising and media services and primarily conducting its business in Sweden. The Company's chief operating decision-maker reviews the Company's operating results on an aggregate basis and manages the Company's operations as a single operating segment.

Recent Accounting Pronouncements

There were various other updates recently issued, most of which represented technical corrections to accounting literature or application to specific industries and are not expected to have a material impact on the Company's condensed consolidated financial position, results of operations or cash flows.

Note 3 – Tre Kronor Media Danmark A/S

On February 11, 2013, TKM participated in the establishing of the Danish media company Tre Kronor Media Danmark A/S (TKMDK). TKMDK was established with a combined capital of Danish Kroner 500,000, (approximately \$86,200) in which TKM holds a controlling interest of 80% which is equivalent to DKK 400,000, (approximately \$69,000).

The results of operations of TKMDK have been included in the consolidated statements of operations since February 11, 2013.

Note 4 – Equity Method Investments

InSight AS -On October 31, 2010, TKM advanced SEK 4,756,550 approximately (\$701,000) to acquire a 30% non-controlling financial interest in the Norwegian media company InSight AS, effective January 1, 2011.

In the beginning of 2012 InSight AS issued 23,500 new shares against cash considerations, thus diluting TKM's non-controlling interest from 30.1% to 27.1%. On September 18, 2012, TKM agreed to dispose 14,500 shares to the management of InSight A/S against a cash consideration of \$222,591(Norwegian Kronor 1,305,000). Pursuant to the transaction, TKM's non-controlling interest will constitute 21% (50,000 shares).

The following table represents a summary of the changes in the value of the equity investment in InSight AS (dollars in thousands.)

	March 31, 2013	December 31, 2012
Beginning balance	\$ 951	\$ 803
Acquired	-	-
Disposed	-	(158)
21% of profit	130	251
Currency adjustment	(2)	55
Ending balance	<u>\$ 1,079</u>	<u>\$ 951</u>

CCCP Media AB - During September 2011, TKM formed a partnership with two unrelated individuals by establishing the Swedish company CCCP Media AB for a combined capital in CCCP AB of SEK 100,000 (\$14,583) in which TKM holds a non-controlling interest of 33.3% which is equivalent to SEK 33,333 (\$4,861).

The following table represents a summary of the changes in the value of the equity investment in CCCP AB (dollars in thousands.)

	<u>March 31, 2013</u>	<u>December 31, 2012</u>
Beginning balance	\$ 39	\$ (15)
Acquired	-	-
33,3% of profit (loss)	40	53
Currency adjustment	-	2
Ending balance	<u>\$ 79</u>	<u>\$ 39</u>

Note 5 – Convertible note receivable

In January 2013 TKM issued a convertible note receivable totaling GBP 420,000 (to the UK based marketing, media and advertising consultancy company Vision In Media Limited. On February 1, 2013, the note was partially paid with GBP 370,000 (\$578,000). The note bears interest at a rate of 5% per annum and matures by the end of 2015.

During the three months ended March 31, 2013 the Company accrued interest income from the note of \$4,817 which was classified as a part of interest expenses.

The following table represents a summary of the changes in the convertible note receivable to Vision in Media Limited (dollars in thousands.)

	<u>March 31, 2013</u>	<u>December 31, 2012</u>
Beginning balance	\$ -	\$ -
Disbursed loan	578	-
Accrued interest	5	-
Currency adjustment	(2)	-
Ending balance	<u>\$ 581</u>	<u>\$ -</u>

Note 6 - Other intangible assets

In accordance with ASC 805, Business Combinations, the Company has identified and recognized trade name and customer relationships in Tre Kronor as intangible assets. Based on a discounted cash flow model the fair value of the intangible assets was determined to be \$610,000 and \$220,000 respectively, both having a useful life of 5 years. For the three months ended March 31, 2013, and 2012 intangible assets were amortized by \$41,500. At March 31, 2013, and 2012 the net carrying amount of intangible assets related to the acquisition of Tre Kronor was \$354,466 and \$520,466 respectively.

The following table set forth the future amortization of intangible assets (dollars in thousands):

2013: (April-December)	\$ 125
2014:	\$ 166
2015 (January – May):	\$ 63

Note 7 - Concentration of credit risk

Credit risk represents the loss that would be recognized if counterparties failed to completely perform as contracted.

During the three months ended March 31, 2013 customer AJ, AB and AL accounted for approximately 40%, 32% and 13% of revenue, respectively. During the three months ended March 31, 2012 customer AB and AH accounted for approximately 62% and 19% of revenue, respectively. No other customers individually represented more than 10% of revenue for any period presented.

As of March 31, 2013 customers AM, AF and AG accounted for approximately 25%, 22% and 10% of the Company's accounts receivables, respectively. As of March 31, 2012 customers AF, AG and AB accounted for approximately 39%, 16% and 13% of the Company's accounts receivables, respectively. No other customers De

The Company's loss of these or other customers, or any decrease in sales to these or other customers, could have a material adverse effect on the Company's business, financial condition or results of operations.

The Company monitors its exposure to customers to minimize potential credit losses.

The Company maintains cash and cash equivalent balances at several financial institutions throughout its operating area, and at times, may exceed insurance limits and expose the Company to credit risk. As part of its cash management process, the Company periodically reviews the relative credit standing of these financial institutions.

The Company's cash balances are maintained at financial institutions located in the United States of America, Sweden, Denmark and Spain.

Note 8 – Non-controlling interests

For consolidated majority-owned subsidiaries in which the Company owns less than 100% of the total outstanding shares, the Company recognizes a non-controlling interest for the ownership interest of the minority holders.

On January 1, 2012 the CEO of Nyheter 365 received 20% of the issued and outstanding shares in Nyheter 365 as part of his remuneration package.

On February 11, 2013, TKM participated in the establishing of the Danish media company Tre Kronor Media Danmark A/S (TKMDK). TKMDK was established with a combined capital of Danish Kroner 500,000, (approximately \$86,200) in which TKM holds a controlling interest of 80% which is equivalent to DKK 400,000, (approximately \$69,000).

The change in carrying amount of Non-Controlling interest is as follows (dollars in thousands):

	As of March 31, 2013	As of December 31, 2012
Balance at beginning of period	\$ 8	\$ -
20% shares in Nyheter 365, transferred at par value	-	3
20% shares in TKMDK, at par value	17	
Profit (loss) attributable to Non-Controlling interest	(4)	5
Currency adjustment	4	-
Balance at end of period	<u>\$ 24</u>	<u>\$ 8</u>

Note 9 - Fair Value Measurement

Valuation Hierarchy

ASC 820 establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. Level 3 inputs are unobservable inputs based on the Company's own assumptions used to measure assets and liabilities at fair value. A financial asset or liability's

classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following table represents the assets and liabilities carried at fair value (dollars in thousands) measured on a recurring and non-recurring basis as of March 31, 2013:

	Total Carrying Value at March 31, 2013	Fair Value Measurements at March 31, 2013		
		Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Contingent Consideration	\$ 20	\$ -	\$ -	\$ 20
Goodwill	\$ 2,954	\$ -	\$ -	\$ 2,954

The contingent consideration is measured at fair value using quoted market prices of Company's shares of common stock.

Goodwill is measured at fair value on a non-recurring basis using discounted cash flows and is classified within level 3 of the value hierarchy.

The following table represents a summary of the changes in the fair value of the Company's Level 3 financial liabilities that are measured at fair value on a recurring basis (dollars in thousands):

	March 31, 2013	December 31, 2012
Beginning balance – Contingent consideration	\$ 4	\$ 2
Recorded contingent consideration	-	-
Net unrealized gain on change in fair value of contingent consideration	16	2
Ending balance – Contingent consideration	\$ 20	\$ 4

The following table represents a summary of the changes in the fair value of goodwill that is measured at fair value on a non-recurring basis (dollars in thousands.)

	March 31, 2013	December 31, 2012
Beginning balance	\$ 2,954	\$ 2,954
Acquired	-	-
Impaired	-	-
Currency adjustment	-	-
Ending balance	\$ 2,954	\$ 2,954

Note 10 – Notes payable

Notes payable consist of the following (dollars in thousands):

Loan reference	Maturity Date	As of March 31, 2013	As of December 31, 2012
Private investor (B)	2011	\$ 14	\$ 69
Promissory notes	January 2009	37	37
Total		51	106
Less: Current portion		51	106
Long-term portion of debt		\$ -	\$ -

On March 15, 2010 the Company obtained a loan from a private investor of \$250,000. The loan bears an interest of 6% per annum and is due one year from date of issue. If the Company choose not to repay the loan in cash the holder of the note is entitled to convert the note into shares of common stock at a price equal to 85% of the market price of the Company's common stock at the time of conversion. On December 7, 2011, the Company agreed with the investor to repay the principal amount of \$250,000 in 18 monthly installments of \$13,889 beginning December 12, 2011. The investor agreed to disregard all interest payments provided that monthly installments will be made timely. During the first quarter of 2013 the loan was partially paid in cash of approximately \$55,000. As at March 31, 2013, the outstanding balance was \$13,887. (See B above).

Note 11 – Line of Credit

The Company has a floating rate line of credit facility with Nordea Bank in the amount of \$767,000. As of March 31, 2013, the amount outstanding, under this line of credit facility, was \$-(nil). The rate of interest payable under the line of credit facility is presently 6.95 % per annum.

Note 12 – Stock based compensation

In the first quarter of 2011 and during the years 2010 and 2009 the company issued 258,000, 1,250,000 and 3,000,000 shares of common stock respectively to eight consultants for services rendered during the periods from 2009 through 2012. The total market value of the shares, on the date of signing the agreements, was \$653,740. For the three months ended March 31, 2013 and 2012 the Company expensed \$-(nil) and \$23,021 respectively as selling, general and administrative expenses.

As of March 31, 2013, there was no unrecognized compensation costs related to the issuance.

Note 13 - Related party transactions

Fee to former Chairman and Secretary of the Board

In November 2011 the Company recognized that former chairman, was entitled to receive a fee for services rendered during 2008, 2009 and 2010 at a total amount of \$188,346 which was classified as a component of selling, general and administrative expenses in the year ended December 31, 2011. At March 31, 2013, and December 31, 2012, former chairman has a receivable of \$ 21,382 and \$51,020 respectively which has been classified in advances from related parties.

President and Chairman of the Board, CEO of Tre Kronor

According to the Share Purchase Agreement with the former shareholders of Tre Kronor, the Company is committed to pay an aggregate amount of SEK 3,000,000 (\$387,000) to the president and chairman of the Board against redemption of a portion of his shares. The Company agreed to extend the redemption of the share portion to December 31, 2013. During the year ended December 31, 2010 the Company advanced a payment of \$387,000 to him. At December 31, 2011 such advance was classified as a component of the Company's Stockholders Equity as Notes Receivable from Affiliate. During the fourth quarter of 2012 the redemption agreement was annulled and the president and chairman of the board settled the Note Receivable by repaying the advanced payment of \$387,000 in cash.

During the three months ended March 31, 2013, the President and Chairman of the Board received a fee of \$48,612 through a company controlled by the President and Chairman of the Board. The fee was classified as a component of selling, general and administrative expenses.

Secretary and Director of the Board

During the three months ended March 31, 2013, the Secretary and Director of the Board received a fee of \$47,024 through a company controlled by the Secretary and Director of the Board. The fee was classified as a component of selling, general and administrative expenses.

Note 14 -- Subsequent events

Through the date the financial statements were issued, there were no significant subsequent events.

UNITED COMMUNICATIONS PARTNERS INC
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Stockholm, Sweden

Certifications

We, Niclas Fröberg, Carl Johan Grandinson and Maria Liem, certify that:

1. We have reviewed this interim financial statement of United Communications Partners Inc.
2. Based on our knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement.
3. Based on our knowledge, the financial statements and other financial information included or incorporated by reference in this interim disclosure statement, fairly present in all material respects, the financial condition, results of operations and cash flows of the issuer as of and for, the periods presented in this disclosure statement.

Date: May 30, 2013.

UNITED COMMUNICATIONS PARTNERS INC.

/s/Niclas Fröberg



Niclas Fröberg

/s/ Carl Johan Grandinson



Carl Johan Grandinson

/s/ Maria Liem



Maria Liem