URBAN TELEVISION NETWORK CORP
Form 10KSB
January 13, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-KSB

(Mark One)
/ X / ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2005

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______ to _____

Commission file number 000-23105

Urban Television Network Corporation
(Exact Name of Small Business Issuer as Specified in Its Charter)

Nevada	22-2800078
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

2707 South Cooper Street Suite 119 76015
Arlington, Texas (Zip Code)
(Address of Principal Executive offices)

Issuer's telephone number, including area code: (817) 303-7449

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $.0001 par value

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X / No / /

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. / /

State issuer's revenues for its most recent fiscal year: $ 297,954

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity as of a specified date within the past 60 days. The aggregate market value of our common stock held by non-affiliates as of December 29, 2005 was approximately $2,512,000. State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date. As of December 29, 2005, there were approximately 136,211,277 shares of our common stock issued and outstanding.

Transitional Small Business Disclosure Format: Yes / / No / X /

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PART I

This Annual Report on Form 10-KSB contains forward-looking statements within the meaning of the Securities Exchange Act of 1934. The words "expect", "estimate", "anticipate", "predict", "believe", and similar expressions and variations thereof are intended to identify forward-looking statements. These statements appear in a number of places in this document and include statements regarding the intent, belief, or current expectations of the Company, its directors or its officers with respect to, among other things, trends affecting the Company's financial condition or results of operations. The readers of this document are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties and that actual results could differ materially from those projected in the forward-looking statements. This report also identifies other factors that could cause such differences. No assurance can be given that these are all of the factors that could cause actual results to vary materially from the forward-looking statements. The Company does not ordinarily make projections of its future operating results and undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. This section should be read in conjunction with the audited consolidated financial statements of the Company and related notes set forth elsewhere herein.

Item 1. Business

Overview

Urban Television Network Corporation ("Urban Television", "The Company") operates a U.S. based, broadcast television network (as opposed to cable networks discussed in the competition section) focused primarily on serving the African-American and Hispanic populations and other ethnic populations in the urban markets. The Company has branded the broadcast television network, for marketing purposes, as UATV.

Urban Television provides free over-the-air programming to television viewing audiences in the communities served through our local affiliate television stations. The programming is delivered 24 hours a day, seven days a week. Currently, we have approximately 70 affiliates located in over 60 markets and with a household coverage of approximately 22 million households. Our affiliates are comprised of broadcast stations with approximately 35% of them being on cable in their local markets.

The affiliates have the right to air all or a portion of the daily program schedule provided by the Company. Generally, we request that an affiliate broadcast a minimum of 12 hours of our programming within a 24 hour period. Approximately 20% of our affiliates broadcast 12 hours or more per day of our Urban Television programming, with the remaining affiliates airing at least 6 hours or less. Generally the network advertising rates are calculated only for that portion of time that the affiliate broadcasts our programming.

We have the broadcast rights to a variety of sports and entertainment programming. Urban Television broadcasts a variety of other shows, including, sports, movies, news, entertainment, variety, and family programming. We obtain our programming from a variety of sources.

We are targeting the African-American and Hispanic markets because we believe that they contain numerous marketing opportunities and are currently under-served. According to Census Bureau statistics, approximately 35.5 million African-American and 35+ million Hispanic citizens living in the United States, or approximately 27% of the total U.S. population. These two populations have a combined $1 Trillion dollar urban spending power and would rival the 11th richest nation in the world. The income of this group has increased by 170% over the last 17 years and exceeds the growth rate of 112% for other ethnic groups over that same period. According to the Selig Center for Economic Growth at the University of Georgia, African-American and Hispanic buying power - the personal income available after taxes for spending on goods and services - stands at over $1.3 trillion and will increase to over $1.6 trillion in 2007.

The vision of the Company focuses on operating a dynamic, quality Nielsen Media Research rated broadcast television and cable network oriented towards the urban market, which is predominately African-American, English speaking Hispanic consumers and viewers. In turn, a successful broadcast television and cable

network that maximizes interactivity will have the ability to serve as the engine of growth for an exciting media company that capitalizes on its position of owning/operating interactive broadcast media content properties, possessing excellent talent relations and controlling its capabilities to finance, produce, and distribute entertainment- driven products. The Company's goal is to be a ground- breaking media company that is publicly traded, has a majority of Minority ownership and control, and presents a positive image of Minorities and urban America's varied multi-ethnic culture.

Additionally, the Company has as the result of becoming majority owned by minority shareholders obtained status as a "Minority Business Enterprise" under the standards established by the National Minority Supplier Development Council. The Company believes that as a certified minority business it may achieve significant advantages when it comes to major advertisers allocating their advertising budgets.

Urban Television Network

We have a goal of operating stations' airtime through local marketing agreements, or LMA's, pursuant to which we would control all programming, be entitled to all revenues and be liable for all expenses pending acquisition of the stations. We broadcast our programming to a combination of full-power and low-power stations, the latter of which are generally located close to or are directed at urban areas.

Programming

The Company's mission is "to chronicle the beauty, depth and breadth of African-American, Hispanic and other ethnic groups' cultures and histories from yesterday to today and into the future." There are approximately 36 million African-American and 19 million English-speaking Hispanic citizens living in the United States, or 12.8% and 6.7% of the total population, respectively. These two groups have a total estimated spending power of $900+ billion.

UATV Network's programming will be suitable for African-American and English-speaking Hispanic families, as well as other ethnic demographics and will not include adult-only programming. UATV Network's goal is to give the African-American and English-speaking Hispanic urban communities a network that will demonstrate more of their traditional cultures and heritages. As a new network, UATV does not currently have sufficient capital to allow it to develop more than a fraction of it's programming for the network and thus will rely on outside sources of programming for the foreseeable future. As cash flow allows, UATV Network will look to develop a larger percentage of its programming. To insure the quality of our programming, we have decided that we will limit the airing of "infomercials," or program-like commercials on the UATV Network.

UATV Network will seek to develop a library of content for its African-American and Hispanic markets that includes talk shows, women's programming; biographies; comedies; kids programming; music; dramas; film shorts; animation; international lifestyle; and news. UATV Network current programming can be seen on the next page and at www.uatvn.com by clicking the "Programming" link.

The Company will seek to develop a library of content for its African-American and English-speaking Hispanic markets that includes talk shows, women's programming, biographies, comedies, kids programming, music, dramas, film shorts, animation, international lifestyle and news. The Company's goal is to target the "trendsetter" marketing demographic (young, urban, African-American teens), women and families that major companies such as Seven Eleven, Southwest Airlines, Blockbuster, Citibank, Nike, Coke, Pepsi, Proctor and Gamble, General Electric, Dell, Microsoft, Apple, General Motors, Ford, Chrysler, Nissan, Exxon-Mobil, Texaco, Prudential Securities, Merrill Lynch, American Airlines, Delta Airlines, and music companies pursue as the major focal point for network, during pivotal prime time viewing hours. The Network will only have a small amount of original programming from its inception but plans to increase its original programming going forward to set it apart from other minority focused networks. The Network's current programming can be seen at www.uatvn.com by clicking the "Programming" link.

Urban Television believes that there is adequate programming available from program syndicators like FOX, Universal, Sony, Paramount and independent companies. The Network is broadcasting 24 hours daily, seven days per week with a diversified programming schedule that it is continually being revised for new programming coming to the Network.

Programming Costs

Urban Television obtains virtually all of the existing programming from outside sources in exchange for allowing the provider to fill a portion of the advertising slots. For example, a thirty-minute program routinely contains six to seven minutes of advertisements or spots that are available to Urban Television. Urban Television generally allows the provider to fill up to 50% of these slots in exchange for use of the programming. As cash flow allows, Urban Television will contract for programming from major syndicators that are in demand for the Network's target market.

Programming Distribution

There are a number of mediums available for distribution of the Urban Television Network programming to viewing audiences. Generally, the three largest are traditional broadcast television stations, cable television systems and direct satellite broadcasters such as DirectTV and Dish Network. Presently, the Urban Television network has approximately 70 broadcast television station affiliates of which a number are also on cable in their local markets.

The Company's goal is to negotiate with the owners and operators of Full Power Television Stations who are already on cable systems and satellite channel space to carry the Network for a fee, noting that the network has a minority focused programming grid. The Company believes that many of these operators may be willing to offer attractive terms because of their desire to carry additional programming addressed to the African- American, English-speaking Hispanics and other minority viewers. Because none of these arrangements have yet been negotiated, there can be no assurance that these goals will come to fruition.

The Broadcast Facilities and Satellite Signal.

In November 2005, the Company extended for 5 years its agreement with Westar Satellite Services LP for uplink services of the Company's digital signal to Intelsat 5 satellite. The cost to the Company is $ 8,800 per month during the term of the agreement.

In December 2005, the Company extended for 5 years its agreement with Intelsat, Inc. for 6 MHZ C-Band Non-Preemptible bandwidth on its Intelsat 5 satellite at the monthly rate of $17,850.

Licensing Rights.

Our basic form of licensing rights agreement with program suppliers contains terms pursuant to which the Company obtains broadcasting rights to certain identified programming and in exchange, we allow the licensor advertising time during the broadcast of such programs. Generally speaking, in a thirty (30) minute program with seven (7) minutes of commercial time, the time is allocated as follows:

- two and one-half (2.5) minutes to the licensor;
- two (2) minutes to our affiliate station; and
- two and one-half (2.5) minutes to Urban Television Network.

The licensor can then sell this advertising time to outside parties, thereby earning income on the licensing of their program. Our licensing agreements are generally for a term of 26 to 52 weeks and are cancelable by either party upon thirty (30) days written notice. We also have the right to refuse any program, without prior notice, if the content, subject matter, or production quality does not meet our standards. The Company's policy is to recognize the revenue associated with these sources of revenue at the time that it inserts the short-form advertising spots or airs the long-form program a the network or local level.

Affiliates

Currently, we have approximately 70 affiliates located in over 60 markets and with a household coverage of approximately 22 million households. Our affiliates are comprised of broadcast stations with approximately 35% of them being on cable in their local markets.

Generally, we request that an affiliate broadcast a minimum of 12 hours of our programming within a 24 hour period. Approximately 20% of our affiliates broadcast 12 hours or more per day of our Urban Television programming, with the remaining affiliates airing at least 6 hours or less. Generally the network advertising rates are calculated only for that portion of time that the affiliate broadcasts our programming.

We grant the Urban Television affiliates a limited license pursuant to an affiliate license agreement. This limited license permits our affiliates to receive Urban Television programming via satellite transmissions and to exhibit and rebroadcast our programming. Additionally, we request affiliates' to submit monthly broadcast logs in order to monitor compliance with these requirements. Our affiliates agree that they will not preempt, cover or in any way disrupt national advertisements contained in any program or portion thereof that they broadcast with the exception of two (2) two-minute spots per hour for local commercial insertions, as well as two (2) ten-second station breaks per hour. Either the network or our affiliate may cancel the agreement at any time with thirty (30) days written notice.

In exchange for providing the affiliate with programming and commercial time, we retain the remainder of the advertising time, which we sell to advertising firms and independent advertisers, or use it to barter with third-parties to acquire additional programs.

Sales and Marketing

The Company plans to use (although it has none hired at this time) marketing professionals, known as account executives, to target advertisers and advertising agencies that are interested in the Urban market demographics. They will consist of network and national spot account executives and local spot account executives for markets where the Company by agreement has control of the stations operations. Account executives targeting network advertisers will serve a dual role as national spot sellers. These sales personnel will have the flexibility of offering a network wide sales package or a market specific sales package. Generally, the majority of network and national spot advertising sales is generated from the same advertising agencies. This efficiency will allow us to generate greater profits while controlling our own sales efforts. Account executives responsible for local spot sales will be located in each of the operated station markets. They will target advertising agencies, businesses and service providers in their individual markets.

These marketing efforts will be enhanced through the use of research developed by an in-house research department (which is yet to be established) and Nielsen Media Research (in negotiations) utilizing both qualitative and quantitative information. This research will allow the sales departments to better negotiate and price our commercial inventory. The research department will further help our sales efforts by identifying and targeting advertisers in this utilized market.

As the Company grows, its goal is to have national and network sales offices in the major markets such as Los Angeles, New York, Miami/Atlanta, Chicago and Dallas/Houston.

Competition

The network television broadcasting business is highly competitive. As a result of the wide range of programming available in both the broadcast and cable formats; the Network will compete with a large number of competitors in the television, cable and direct television markets. The Network will compete for available airtime, channel capacity, advertiser revenues, revenue from license fees, number of viewing households, and programming material. Competition for sales of broadcast advertising time is based primarily on the anticipated and delivered size and demographic characteristics of audiences as determined by various rating services that price the time of day when the advertising is to be broadcast. Other factors include competition from other broadcast networks; cable television systems; DBS services; and other media and general economic conditions. Competition for audiences is based primarily on the selection of

programming, the acceptance of which is dependent on the reaction of the viewing public that is often difficult to predict. The Company believes that its strongest competitive advantages are: (1) the quality of and vision of its African American and English-speaking Hispanic oriented programming; (2) its competitive advertising rates; (3) the African-American and English-speaking Hispanic nature of the Network's broadcasts and programming; (4) cross promotional and advertising opportunities with other media; (5) its technology plan that gives its affiliates the tools to manage their stations; (6) its success in becoming a publicly traded majority minority owned Minority Business Enterprise that enables it to access diversity spending by major advertisers; (7) synergistic entertainment opportunities in film, television, music, the Internet and intellectual property.

In its operations, Urban Television expects to experience substantial competition From other entities with greater financial resources. Current networks targeting The African-American/Hispanic urban market are cable networks with little or no Broadcast station distribution. There is no assurance that the Company will be able to compete successfully.

Some of the competition in our market niche are:

Black Entertainment Television (BET): BET, formed and headed by Bob Johnson, and now owned by Viacom, has been in business for 20 years and currently reaches approximately 55+ million homes. BET's annual revenues have hover at around $160+ million. BETs programming basically consists of no-cost music videos, low-cost standup comic shows, infomercials and some talk shows. Programming has always been a sore spot for BET with its relationships with the Multiple Systems Operators (MSOs) and the African-American Community. The sore spot comes from the fact that the African-American Community does not believe that BET's programming depicts the true culture and lifestyle of this ethnic group. Bob Johnson's, and now Viacom's, retort has been over the years, "We are a business first and a black network second." This is clear to many and provides Urban TV with a great opportunity to provide a different programming philosophy that will depict the culture and lifestyle of the African-American Community, allowing it to take pride in and support the Urban TV programming. BET will try to obtain more channel space on cable networks to thwart the competition, including the Company's Urban Television network. BET.com, a great website and venture with major media entities as partners, has been launched.

TV One: a new cable channel was launched in January 2004. Its investors include Radio One, the nation's seventh largest radio broadcasting company;

Comcast Corporation, a leading cable television company in the country; Constellation Ventures; Syndicated Communications; Pacesetters Capital Group; and Opportunity Capital Partners. On its launch date, TV One was available to 2.2 million subscribers in Comcast markets. "We have worked very hard to make TV One a television home that will serve African American adults' entertainment interest and show the rest of society the depth, variety and vitality of our lifestyle and culture," said TV One President and CEO Jonathan Rodgers.

Black Family Channel (formerly Major Broadcasting Corporation): launched in 1999 as a cable network but has not acquired the distribution it expected. Our estimate is that BFC has cable subscriber service of less than ten million. Headed by celebrities: Evander Holyfield, Marlon Jackson, Cecil Fielder and attorney Willie Gary, BFC has chosen to go after the African-American, Christian family audience. The "esprit de corps" and corporate culture are two of BFC's assets.

Overall, UATV expects strong competition from all of the above competitors. BET will likely attempt to launch additional BET channels for Family, Movies and Jazz. BET, as part of Viacom, has significant financial resources. TV One with its partnership with Comcast will have a strong competitive edge in securing cable channel space. BFC, being a cable channel, is not an immediate threat, but poses a threat if each successive MSO that airs BFC will not then carry UATV Network. In addition, there are and always have been other entities, attempting to launch networks focusing on the African American and Hispanic populations.

Urban Television's response to the competition includes (1) We are a broadcast Network -free over the air TV, (2) We control our own distribution, (3) being a certified minority company that will allow it to qualify for diversity dollars set aside by the Fortune 500 companies (4) Developing a Partnership with corporate America program (5) developing a network grid format with family oriented programs that both segments of the urban minority community (African American and English speaking Hispanics) will endorse and support (6) producing,

owning and programming quality shows to make the UATV Network more appealing to the broadcast television stations, the direct to home broadcast systems, the MSOs and the African American and Hispanic television consumer; (7) developing an interactivity technology component designed around an Internet application that will distinguish the Network and its affiliates.

For Urban Television to continue to grow, particular emphasis has to be placed on (1) Securing an agreement with Nielsen Media Research to provide media research measure its audience(2) securing affiliations from Full Power broadcast television stations in the major African American and English speaking Hispanic demographic markets, (3) implementation of an effective sales force and (4) developing and acquiring innovative programming to attract advertisers, sponsors and viewers and (5) maintaining its status as a certified Minority Business Enterprise which will allow it to qualify for diversity dollars set aside by the major corporations.

Competitive Strategy

Urban Television's goal is to become the best managed, highest quality, multimedia company that focuses on the African-American, English-speaking Hispanic and other minority ethnic markets. Led, initially, by its broadcast television station network and later as it adds cable and direct-to-home systems, Urban Television plans to build a network that will make it one of the predominate television programming networks focusing on the depth, breadth, history and beauty of African-American and English-speaking Hispanic people and their cultures. Urban Television will pursue a strategy of differentiation within the broadcast television, cable and direct to home industry.

Urban Television's competitive strategy consists of the following key points:

- Hire and retain a strong management team. Develop a Board of Directors and Advisory Board who will help lead and advise Urban Television, in addition to bringing in valuable resources and relationships.

- Produce (or partner with producers) and broadcast as many high-concept, quality original programs and series as it can economically and prudently afford to do each year. Such original productions will enable Urban Television to build brand loyalty, attract advertisers and sponsors and build a library of media copyrights worldwide distribution.

- Finalize an agreement with Nielsen Media Research that will allow Nielsen to measure the emerging majority and UATV. This will enhance our ability to attract full-power broadcast stations and Fortune 1000 advertisers.

- In regards to cost and risk management, Urban Television will seek to minimize overhead; obtain no-cost, low-cost and barter programming, and establish strong financial relationships with strategic partners;

- Pursue parallel strategies of distribution for the network with MSOs for analog and digital cable carriage, satellite systems, and broadcast television stations where the demographics indicate a large percentage of African-American and English speaking Hispanics;

- Maintain the status of being a certified Minority Business Enterprise to attract major corporate and governmental advertisers/sponsors;

- Establish a relationship with multiple advertising agencies that have clients that have a desire to gain a material and profitable market share among the 80 million urban consumers with a buying power in excess of $1.5 trillion.

- Feature prominent stars and writer-producers for Urban Television's programming;

- Use corporate sponsors; especially other media entities, to co-finance and co-promote Urban Television programming;

- Develop "franchise" intellectual properties in-house to develop revenue streams in all media;

- Develop a merchandising/licensing arm to create revenue streams for Urban Television's intellectual properties;

- Develop a record lable and music division at the appropriate time to take advantage of opportunities, when they arise in the future to brand Urban Television products;

- Develop and nurture strong community relations through the use of fund raisers, scholarships, tie-ins to national and local groups, contests for viewers, awards shows, programming, use of the web sites, education and information, etc.

Our affiliate stations also face competition from direct broadcast satellite services, which transmit programming directly to homes equipped with special receiving antennas and from video signals delivered over telephone lines. Satellites may be used not only to distribute non-broadcast programming and distant broadcasting signals but also to deliver certain local broadcast programming which otherwise may not be available to a station's audience.

The broadcasting industry is continuously faced with technological change and innovation and the possible rise in popularity of competing entertainment and communications media. The rules and the policies of the FCC also encourage increased competition among different electronic communications media. As a result, we may experience increased competition from other free or pay systems that deliver entertainment programming directly to consumers and this could possibly have a material adverse effect on our operations and results. For example, commercial television broadcasting may face future competition from interactive video and data services that provide two-way interaction with commercial video programming, along with information and data services that may be delivered by commercial television stations, cable television, direct broadcast satellites, multi-point distribution systems, multi-channel multi-point distribution systems, Class A low-power television stations, digital television and radio technologies, or other video delivery systems.

In addition, actions by the FCC, Congress and the courts all presage significant future involvement in the provision of video services by telephone companies. The Telecommunications Act of 1996 lifts the prohibition on the provision of cable television services by telephone companies in their own telephone areas subject to regulatory safeguards and permits telephone companies to own cable systems under certain circumstances. It is not possible to predict the effect on our television stations of any future relaxation or elimination of the existing limitations on the ownership of cable systems by telephone companies. The elimination or further relaxation of the restriction, however, could increase competition that our affiliate stations face from other distributors of video programming.

Factors that are material to a television station's competitive position include signal coverage, local program acceptance, network affiliation, audience characteristics, assigned frequency and strength of local competition. Although there is competition for our target market, we believe that we possess certain competitive advantages over our competitors, including:

Contractual Relationship with Nielsen Media Research. The Company is negotiating a contractual relationship with Nielsen Media Research to have certain of its UATV programs rated, which will allow the Company to increase its affiliate base with full power broadcast television stations that can not afford Nielsen ratings and charge for advertising spots and program sponsorships based on the Nielsen ratings.

Our Management Team Reflects our Target Audience. From CEO, Jacob R. Miles III, to Executive Vice President of Programming Sandra Pate, our team is expected to be comprised of many African-Americans and other minorities. We believe that the best way to understand the needs and wants of our target market is to include people that share a similar cultural background to our target audience. The nature of our management team is also reflective of our dedication to the creation of an urban network that focuses on the African American and English speaking Hispanics.

Our Ability to Broadcast in Digital. Unlike many television networks, we broadcast our programming in a digital format from a fully-digital earth station. We chose this format in anticipation of an FCC regulation requiring all television stations to broadcast in digital by 2009. The operation of a digital control room requires much less input and effort than a traditional analog station. Although, not all of our affiliate stations have the ability to broadcast in digital, sending out a digital signal helps reduce our operating costs because the cost of a digital signal is less than leasing an analog signal on the satellite transponder.

In the course of its business, our Network uses various trademarks including its logo in its advertising and promotions. We believe the strength of our trademarks are important to our business and intend to continue to protect and promote our marks as appropriate. Currently, we have applied for trademark protection on Urban Television and certain other brand identification. There can be no assurance that we will receive each of these trademarks. Other than these pending trademarks, we do not hold or depend upon any material patent, government license, franchise or concession.

Federal Communications Commission Regulation

FCC Licenses

In general, the television broadcast industry in the U.S. is highly regulated by Federal Laws and regulations issued and administered by various Federal agencies, including the FCC. The FCC regulates television broadcast stations pursuant to the Communications Act of 1934, as amended (the "Communications Act"). The Communications Act permits the operation of television broadcast stations only in accordance with a license issued by the FCC upon a finding that grant of the license would serve the public interest, convenience and necessity. The FCC grants television station license for specific periods of time and upon application, may renew the licenses for additional terms. Under the Communications Act, television broadcast licenses may be granted for a maximum permitted term of eight years. Generally the FCC renews broadcast licenses upon finding that (i) the television station has served the public interest, convenience and necessity, (ii) there have been no serious violations by the licensee of the Communications Act or FCC rules and regulations, and (iii) there have been no other violations by the licensee of the Communications Act or FCC rules and regulations which, taken together, indicate a pattern of abuse. After considering these factors, the FCC may grant the license renewal application with or without conditions, including renewal for a term shorter than the maximum other permitted, or hold an evidentiary hearing. In addition to the above powers, the Communications Act empowers the FCC, among other things:

- to decide whether to approve a change of ownership or control of station licenses;
- to regulate the equipment used by stations; and
- to adopt and implement regulations to carry out the provisions of the Communications Act.

Failure to observe FCC or other governmental rules and policies can result in the imposition of various sanctions, including monetary forfeitures, the grant of short, or less than maximum, license renewal terms or, for particularly egregious violations, the denial of a license renewal application, the revocation of a license or denial of FCC consent to acquire additional broadcast properties.

Under the Communications Act, a broadcast license may not be granted to or held by any corporation that has more than one-fifth of its capital stock owned or voted by non- U.S. citizens or entities or their representatives, by foreign

governments or their representatives, or by non-U.S. corporations. The Communications Act further provides that no FCC broadcast license may be granted to any corporation directly or indirectly controlled by any other corporation of which more than one-fourth of its capital stock is owned or record or voted by non-U.S. citizens if the FCC finds the public interest will be served by the refusal of such.

In June 2003, the FCC concluded the 2002 biennial review of its broadcast ownership Regulations required by the 1996 Telecom Act by amending its rules governing ownership of television and radio stations and by replacing its newspaper/broadcast cross- ownership ban the radio/television cross-ownership restrictions with a new set of cross- media ownership limits. The new rules would (i) permit an entity to have an attributable ownership interest in an unlimited number of television stations nationally so long as the audience reach of such stations does not exceed, in the aggregate and after the application of the UHF Discount, 45% of the U.S. television households; (ii) permit common ownership of up to three television stations in DMAs with 18 or more television stations, and two television stations in DMAs with between five and 17 television stations, provided, in both cases, that a single entity cannot have an attributable interest in two television stations ranked among the top four (in terms of audience share) in any DMA (the "Local Restriction"); (iii) permit (A) in markets with nine or more television stations, common ownership of daily news- papers and up to the maximum number of television and radio stations permitted by the Local Restriction and the local radio ownership rule, and in (B) in markets with between four and eight television stations, common ownership of a daily newspaper and up to 50% of the television and radio stations permitted by the Local Restriction and the local radio ownership rule, or a daily newspaper and up to the maximum number of radio stations permitted by the local radio ownership rule.

Common ownership of multiple television stations in a market could adversely affect the Company's future affiliate possibilities, if the larger networks control most of the television stations in given markets.

Transfers or Assignment of License

The Communications Act prohibits the assignment of a broadcast license or transfer of control of a broadcast licensee without the prior approval of the FCC. In determining whether to permit the assignment or transfer of control of, or the grant or renewal of, a broadcast license, the FCC considers a number of factors pertaining to the licensee, including:

- compliance with various rules limiting common ownership of media properties;

- the character of the licensee and those persons holding attributable interests therein; and

- compliance with the Communications Act's limitations on alien ownership.

Character generally refers to the likelihood that the licensee or applicant will comply with applicable law and regulation. Attributable interests generally refers to the level of ownership or other involvement in station operations that would result in the FCC attributing ownership of that station or other media outlets to the person or entity in determining compliance with FCC ownership limitations.

To obtain the FCC's prior consent to assign a broadcast license or transfer control of a broadcast licensee, an application must be filed with the FCC. If the application involves a substantial change in ownership or control, the application must be placed on public notice for a period of no less than 30 days during which petitions to deny the application or other objections may be filed by interested parties, including certain members of the public. If the FCC grants the application, interested parties have no less than 30 days from the date of public notice of the grant to seek reconsideration or review of that grant by the full commission or, as the case may be, a court of competent jurisdiction. The full FCC has an additional 10 days to set aside on its own motion any action taken by the FCC's staff acting under delegated authority. When passing on an assignment or transfer application, the FCC is prohibited from considering whether the public interest might be served by an assignment or transfer to any party other than the assignee or transferee specified in the application.

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Programming and Operation

The FCC continues to enforce strictly its regulations concerning "indecent" programming, political advertising, environmental concerns, technical operating matters and antenna tower maintenance. Although not required by FCC regulation, the Company has committed to provide program ratings information for its broadcast network programming. FCC regulations governing network affiliation agreements mandate that television broadcast station licensees retain the right to reject or refuse network programming in certain circumstances or to substitute programming that the licensee believes to be of greater local or national importance.

The Communications Act requires broadcasters to serve the public interest, convenience and necessity. The FCC has gradually restricted or eliminated many of the more formalized procedures it had developed to promote the broadcast of programming responsive to the needs of the station's community of license. Licensees continue to be required, however, to present programming that is responsive to community problems, needs and interests and to maintain certain records demonstrating such responsiveness. Complaints from listeners concerning a station's programming will be considered by the FCC when it evaluates the licensee's renewal application, but these complaints may be filed and considered at any time.

Stations must also pay regulatory and application fees and follow various FCC rules that regulate, among other things:

- political advertising;
- children's programming;
- commercial advertising on children's programming;
- the broadcast of obscene or indecent programming;
- sponsorship identification; and

- technical operations and equal employment opportunity requirements.

Failure to observe these or other rules and policies can result in the imposition of various sanctions, including monetary forfeitures, the grant of short or less than the maximum renewal terms, or for particularly egregious violations, the denial of a license renewal application or the revocation of a license.

Must-Carry / Retransmission Consent

As part of the Cable Television Consumer Protection and Competition Act of 1992, television broadcasters are required to make triennial elections to exercise either "must-carry" or "retransmission consent" rights with respect to their carriage by cable systems in each broadcaster's local market. By electing must-carry rights, a broadcaster demands carriage on a specified channel on cable systems within its television market or DMA. Alternatively, if a broadcaster chooses to exercise retransmission consent rights, it can negotiate the terms under which the cable system will carry its broadcast signal.

The United States Supreme Court upheld the validity of the must-carry rules in a 1997 decision. These must-carry rights are not absolute and their exercise is dependent on a variety of factors, including: (i) the number of active channels on the cable system; (ii) the location and size of the cable system; and (iii) the amount of programming on a broadcast station that duplicates the programming of another broadcast station carried by the cable system. Therefore, under certain circumstances, a cable system may decline to carry a given station.

Under the FCC's rules, television stations were required to make their election between must-carry and retransmission consent status by October 1, 1999, for the period from January 1, 2000 through December 31, 2002. Television stations that failed to make an election by the specified deadline were deemed to have elected must-carry status for the relevant three-year period.

The FCC is currently conducting a rulemaking proceeding to determine the scope of the cable systems' carriage obligations with respect to digital broadcast signals during and following the transition from analog to digital broadcasting.

Review of Must Carry Rules

FCC regulations implementing the Cable Television Consumer Protection and Competition Act of 1992 require each full-power television broadcaster to elect, at three year intervals beginning October 1,1993, to either:

- require carriage of its signal by cable systems in the station's market, which is referred to as must carry rules; or

- negotiate the terms on which such broadcast station would permit transmission of its signal by the cable systems within its market, which is referred to as retransmission consent.

The United States Supreme Court upheld the must-carry rules in a 1997 decision. These must carry rights are not absolute, and their exercise is dependent on a variety of factors such as:

- the number of active channels on the cable system;

- the location and size of the cable system; and

- the amount of programming on a broadcast station that duplicates the programming of another broadcast station carried by the cable system.

Therefore, under certain circumstances, a cable system may choose to decline to carry a given station. The Company's current strategy is to concentrate on obtaining full-power broadcast stations that have must carry privileges as affiliates to rebroadcast the Company's programming. Where we do not have a full-power station as an affiliate, we will explore the possibilities with cable providers to obtain carriage for our low-power affiliate broadcast stations, which will give the Company a higher percentage of potential viewing audience and allow the Company to increase its advertising rates for advertising spots sold to advertisers. We can offer no assurances, however, that we will obtain such cable carriage.

Local Marketing Agreements

We may, from time to time, enter into local marketing agreements, or LMAs.

FCC rules and policies generally permit LMAs, if the station licensee retains ultimate responsibility for and control of the applicable station, including finances, personnel, programming and compliance with the FCC's rules and policies. We cannot be sure that we will be able to air all of our scheduled programming on a station with which we have LMAs or that we will receive the anticipated revenue from the sale of advertising for such programming.

For purposes of its national and local multiple ownership rules, the FCC attributes LMAs that involve more than 15% of the brokered station's weekly program time. Thus, if an entity owns one television station in a market and has a qualifying LMA with another station in the same market, this arrangement must comply with all of the FCC's ownership rules including the television duopoly rule.

Digital Television Services

In February 1998, The FCC has adopted rules for implementing digital television service in the United States. Implementation of digital television will improve the technical quality of television signals and provide broadcasters the flexibility to offer new services, including high-definition television and data broadcasting. The FCC has established service rules and adopted a table of allotments for digital television. The table of digital allotments provides each existing television station licensee or permittee with a second broadcast channel to be used during the transition to digital television, conditioned upon the surrender of one of the channels at the end of the digital television transition period.

The spectrum to provide a variety of ancillary or supplemental services including, for example, data transfer, subscription video, interactive materials, and audio signals, subject to the digital television implementing rules permit broadcasters to use their assigned digital requirement that they

continue to provide at least one free, over-the-air television service. The FCC established May 1, 2002 as the deadline for initiation of digital television service for all television stations and 2006 as the date that television broadcasters must return their analog license to the FCC unless specified conditions exist, that in effect limit the public's access to digital television in a particular market. These dates are subject to biennial reviews that will evaluate the progress of the DTV transition, including consumer acceptance. The FCC also has adopted rules that require broadcasters to pay a fee of 5% of gross revenues received from ancillary or supplementary uses of the digital spectrum for which they receive subscription fees or compensation other than advertising revenues derived from free over-the-air broadcasting services.

Equipment and other costs associated with the digital television transition, including the necessity of temporary dual-mode operations, will impose some near-term financial costs on television stations in their conversion to digital television transmission. The potential also exists for new sources of revenue to be derived from digital television. We cannot predict the overall effect the transition to digital television might have on our business.

Satellite Home Viewer Improvement Act

The Satellite Home Viewer Improvement Act ("SHVIA") enables satellite carriers to provide more television programming to subscribers. Specifically, SHVIA: (1) provides a statutory copyright license to enable satellite carriers to retransmit a local television broadcast station into the station's local market (i.e., provide "local-into-local" service); (2) permits the continued importation of distant network signals (i.e., network signals that originate outside of a satellite subscriber's local television market or DMA) for certain existing subscribers; (3) provides broadcast stations with retransmission consent rights; and (4) mandates carriage of broadcast signals on a "local-into-local" basis after a phase-in period. "Local markets" are defined to include both a station's DMA and its county of license.

SHVIA requires that, with several exceptions, satellite carriers may not retransmit the signal of a television broadcast station without the express authority of the originating station. Such express authorization is not needed, however, when satellite carriers retransmit a station's signal into its local market (i.e., provide local-into-local transmissions) prior to May 28, 2000. This retransmission can occur without the station's consent. Beginning May 29, 2000, however, a satellite carrier must obtain a station's consent before retransmitting its signal within the local market. Additional exceptions to the retransmission consent requirement exist for noncommercial stations, certain super stations and broadcast stations that have asserted their must-carry rights.

In addition, SHVIA permits satellite carriers to provide distant or nationally broadcast programming to subscribers in "unserved" households (i.e., households are unserved by a particular network if they do not receive a signal of at least Grade B intensity from a station affiliated with that network) until December 31, 2004. However, satellite television providers can retransmit the distant signals of no more than two stations per day for each television network.

SHVIA also provides for mandatory carriage of all television broadcast stations by satellite carriers, effective January 1, 2002, under certain circumstances. Effective January 1, 2002, a satellite carrier that retransmits one local television broadcast station into its local market under a retransmission consent agreement, must carry upon request all television broadcast stations in that same market. Satellite carriers are not required, however, to carry the signal of a station that substantially duplicates the programming of another station in the market, and are not required to carry more than one affiliate of the same network in a given market unless the television stations are located in different states.

In addition, SHVIA requires the FCC to commence a rulemaking proceeding that extends the network non-duplication, syndicated exclusivity and sports blackout rules to the satellite retransmission of nationally distributed super stations. The FCC already has initiated several rulemaking proceedings, as required by SHVIA, to implement certain aspects of this Act.

Therefore, under certain circumstances, a SHVIA system may choose to decline to carry a given network or broadcast station. Our plans are to explore the possibilities with SHVIA providers to obtain carriage for the Urban Television Network, which would give the Company another source of viewers in addition to the current broadcast station affiliates. This increase in potential viewers would give the Company the potential to increase its advertising rates for advertising spots. We can offer no assurances, however, that we will obtain such SHVIA system carriage.

Children's Television Act

The FCC's rules limit the amount of commercial matter that may be broadcast during programming designed for children 12 years of age and younger to 12 minutes per hour on weekdays and 10.5 minutes per hour on weekends. Violations of the children's commercial limitations may result in monetary fines or non-renewal of a station's broadcast license. FCC rules further require television stations to serve the educational and informational needs of children 16 years old and younger through the stations' own programming as well as through other means. The FCC has guidelines for processing television station renewals under which stations are found to have complied with the children's programming requirements if they broadcast three hours per week of "core" children's educational programming, which among other things, must have as a significant purpose serving the educational and informational needs of children 16 years of age and younger. A television station that the FCC finds not to have complied with the "core" programming processing guideline could face sanctions, including monetary fines and the possible non-renewal of its broadcasting license, if it has not demonstrated compliance with the children's programming requirements in other ways. The FCC has indicated its intent to strictly enforce its children's television rules. Television broadcasters must file periodic reports with the FCC to document their compliance with foregoing obligations.

The Company takes these rules into considerations when preparing its program schedule, to give its affiliates the ability to similarly comply with the rules when broadcasting Urban Television programming over their local television station.

Proposed Regulations and Legislation

In 1995, the FCC issued notices of proposed rulemaking proposing to modify or eliminate most of its remaining rules governing the broadcast network-affiliate relationship. The network-affiliate rules were originally intended to limit networks' ability to control programming aired by affiliates or to set station advertising rates and to reduce barriers to entry by networks. The dual network rule, which generally prevents a single entity from owning more than one broadcast television network, is among the rules under consideration in these proceedings. Although the Telecommunications Act substantially relaxed the dual network rule by providing that an entity may own more than one television network, none of the four major national television networks may merge with each other or acquire certain other networks in existence on February 8, 1996. We cannot predict how or when the FCC proceeding will be resolved or how those proceedings or the relaxation of the dual network rule may affect our business.

Low-Power Television

Low-power television stations are regarded by the FCC as having secondary status to full-power television stations and are subject to being displaced by changes in full-power stations resulting from digital television allotments. On November 29, 1999, Congress enacted the Community Broadcasters Protection Act, which created a new "Class A" low-power television station. Class A low-power television stations are entitled to protection from future displacement by full-power television stations under certain circumstances. The FCC has adopted rules governing the extent of interference protection that must be afforded to Class A stations and the eligibility criteria for these stations.

In addition, the U.S. Congress and the FCC have under consideration, and in the future may consider and adopt new laws, regulation and policies regarding a wide variety of matters that could affect, directly or indirectly, the operation, ownership and profitability of our affiliate broadcast stations. Any such changes could result in the loss of audience share and advertising revenues for

broadcast stations, and affect our ability to acquire broadcast stations or finance such acquisitions. Also potential FCC changes could possibly eliminate certain broadcast stations, which would reduce the total affiliate base and household coverage of Urban Television. In addition to the issues noted above, such changes may include:

- spectrum use fees;
- political advertising rates;
- potential restrictions on the advertising of certain products (beer, wine and hard liquor);
- further revisions in the FCC's cross-interest, multiple ownership and attribution policies;
- foreign ownership of broadcast licenses;
- technical and frequency allocation matters; and
- DTV tower siting issues.

The FCC also has initiated a notice of inquiry to examine whether additional public interest obligations should be imposed on DTV licensees. We cannot predict the resolution of these issues or other issues discussed above, although their outcome could, over a period of time, affect, either adversely or favorably, the broadcasting industry generally or us specifically.

Restrictions on Broadcast Advertising

Advertising of cigarette and certain other tobacco products on broadcast stations has been banned for many years. Various states also restrict the advertising of alcoholic beverages and certain members of Congress are currently contemplating legislation to place restrictions on the advertisement of such alcoholic beverage products. FCC rules also restrict the amount and type of advertising, which can appear in programming broadcast primarily for an audience of children twelve years old and younger.

The Communications Act and FCC rules also place restrictions on the broadcasting of advertisements by legally qualified candidates for elective office. Among other things,

- stations must provide "reasonable access" for the purchase of time by legally qualified candidates for federal office,

- stations must provide "equal opportunities" for the purchase of equivalent amounts of comparable broadcast time by opposing candidates for the same elective office, and

- during the 45 days preceding a primary or primary run-off election and during the 60 days preceding a general or special election, legally qualified candidates for elective office may be charged no more than the station's "lowest unit charge" for the same class of advertisement, length of advertisement, and daypart.

The foregoing summary of FCC and other governmental regulations is not intended to be comprehensive. For further information concerning the nature and extent of federal regulation of broadcast stations, you should refer to the Communications Act, the Telecommunications Act, other Congressional acts, FCC rules and the public notices and rulings of the FCC.

Facilities

We currently lease our principal offices and production studios of approximately 9,000 square feet located at 2707 South Cooper Street, Suite 119, Arlington, Texas 76015. The Company pays $6,363 per month and the term of the lease goes through February 28, 2006 with an option to extend on a year to year basis with the monthly rental rate increasing 5% on each renewal. We use this space for our general office and administrative purposes, master control and production studio. We broadcast our programming to our affiliate stations from Westar Satellite Services LP uplinking facilities in Cedar Hill, Texas.

Employees

As of September 30, 2005, we had 13 full time employees. The Company has a contractual relationship with its Executive Vice President and Chief Financial Officer. Our employees are not represented by any collective bargaining organization, and we have never experienced a work stoppage. We believe that our relations with our employees are satisfactory.

Item 2. Properties

A description of the Company's properties is included in Item 1, Business, and is incorporated herein by reference.

Item 3. Legal Proceedings and Administrative Matters

On June 1, 2004, the Company was granted a motion for default judgment and entry of permanent injunction against a former independent contractor and his companies. The default judgment is for $1,575,850 and the permanent injunction is against the defendants, their officers, agents, employees, and all persons acting in concert with them. The defendants were further enjoined from contacting the directors, officers, agents, consultants, servants, and employees of the Company.

In August 2004, the Company settled a lawsuit brought by Three F Productions, Inc. vs. Pacific Family Entertainment LLC, et al. which included the Company as a defendant as the result of the Company airing a program that Pacific Family had represented as having the copyright and rights to air. The settlement amount for the Company was $50,000 to be paid at the rate of $5,000 per month beginning September 1, 2004. In June 2005, the Company completed the payment of the $50,000 and received a Stipulation For Dismissal of Action Against Urban Television Network Corporation with Prejudice from Three F Productions.

The Company is party to legal action pending in the United States District Court for the Central District of California, Los Angeles Division. It is styled Walter E. Morgan, Jr. vs. Urban Televison Network Corporation et al. This action is subject to pending motions to dismiss which are predicated upon the following: The claims of the Plaintiff do not appear to have merit in that they should have been brought in a previous case wherein the Company took a judgment against Mr. Morgan in excess of $1,500,000 (as discussed above) in the U.S. District Court for the Northern District of Texas, Fort Worth Division. Mr. Morgan and his related companies appealed the judgment which was dismissed sua sponte by the U.S. Court of Appeals for the Fifth Circuit.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted during the fourth quarter of the fiscal year covered by this report to a vote of our security holders, through the solicitation of proxies or otherwise.

PART II

Item 5. Market for Company's Common Equity and Related Stockholder Matters:

There was no active market for the Company's common stock. The stock was traded on a very limited basis in limited volumes on the over-the-counter market. It was included in the NASD's OTC Bulletin Board under the symbol, "WSCY" until the Company changed its name in June 2002 to Urban Television Network Corporation at which time the symbol was changed to "UNTV." The Company effectuated a 1 to 20 reverse stock split on November 28, 2002 at which time the NASD gave the Company the new symbol "URBT". Prices for the common stock were also published in the National Quotation Bureau, Inc.'s Pink Sheets.

A range of high and low quotations for the Company's Common Stock for fiscal years 2005 and 2004 are listed below. The information was obtained from the NASDAQ web site (www.nasdaq.com). The prices reported may not be indicative of the value of the Common Stock or the existence of an active trading market. The Company does not know whether these quotations reflect inter-dealer prices without retail mark-up, markdown or commissions. These quotations may not represent actual transactions.

	2005		2004	
	Low	High	Low	High
First Quarter	$0.130	$1.150	$1.100	$2.000
Second Quarter	$0.150	$0.640	$0.750	$2.000
Third Quarter	$0.150	$0.290	$0.290	$1.050

Fourth Quarter	$0.090	$0.210	$0.130	$0.650

The Company common stock commenced trading on the NASD's OTC Bulletin Board in August of 2002.

At September 30, 2005 there were 853 holders of record. No dividends have been paid to date and it is not anticipated that dividends will be paid in the near future. We currently intend to retain future earnings to finance the growth of our business. Therefore, it is unlikely that you will receive any funds from your investment in our common stock without selling your shares. We cannot assure you that you will receive a gain on your investment when you sell your shares or that you will not lose the entire amount of your investment.

Recent Sales of Unregistered Securities

During the period July 1 through September 30, 2005, we sold the following securities In exempt transactions not requiring registration:

In July 2005, the Company issued 2,500,000 shares of its common stock to World One Media Group, Inc. in consideration for the money advanced on its subscription Agreement at $.10 per share.

In September 2005, the Company issued 50,000 shares of its common stock in consideration of consulting services, which it valued at $5,000.

In September 2005, the Company issued 2,282,898 shares of its common stock in consideration for a bridge Lender converting $228,289.80 of its bridge loan.

In September, 2005, the Company issued 200,000 shares of its common stock in consideration for the bridge lender extending its bridge loan and valued the shares at $20,000.

We believe these securities were issued in private transactions pursuant to Sections 3(a) (9) and, or 4(2) of the Securities Act of 1933, as amended, (the "Securities Act"). These convertible securities are considered restricted securities and may not be publicly resold unless registered for resale with appropriate governmental agencies or unless exempt from any applicable registration requirements.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

Background

Urban Television Network Corporation (the "Company") formerly known as Waste Conversion Systems, Inc. was incorporated under the laws of the state of Nevada on October 21, 1986. The principal offices of the corporation are located at 2707 South Cooper Street, Suite 119, Arlington, Texas 76015.

In January 2002, the Company underwent a change of control with the directors of the Company appointing the directors and officers of Urban Television Network Corporation, a Texas corporation, (Urban-Texas) as the new directors and officers of the Company, and at the same time resigning their board positions.

On May 1, 2002, the Company entered into an agreement with Urban-Texas to acquire the rights to the Urban-Texas affiliate network signal space which included the assignment of the Urban-Texas broadcast television station affiliates for 16,000,0000 shares of common stock, which became 800,000 shares after the 1 for 20 reverse split in November 2002.

On February 7, 2003, the Company entered into a Stock Exchange Agreement with the majority shareholders of Urban-Texas to acquire approximately 90% of the issued and outstanding capital stock of Urban-Texas (13,248,000 of 14,759,000 shares) in exchange for the Company's issuance of 13,248,000 shares of its authorized but unissued common stock, $.0001 par value (the "Exchange Shares"), to the majority shareholders of Urban-Texas. In June 2003, the remaining 10% of Urban-Texas was acquired by the Company.

Urban-Texas is considered the accounting acquirer, and the accompanying financial statements include the operations of Urban-Texas from the earliest period presented. The May 1, 2002 and February 7, 2003 transactions with the Company are presented as a recapitalization of Urban-Texas.

The consideration exchanged in Stock Exchange Agreement was negotiated between the Company and Urban-Texas in a transaction with management. The management of the Company and Urban- Texas, were the same individuals. The transaction does not represent an arms-length transaction.

The Company is engaged in the business of supplying programming to independent broadcast television stations and cable systems. Formerly the Company's business had been the marketing of thermal burner systems that utilize industrial and agricultural waste products as fuel to produce steam, which generates electricity, air-conditioning or heat.

The Company acquired a television network affiliate base from Hispanic Television Network, Inc. (HTVN). This television network provides television programming serving ethnic minority programming interests of the African-American and English- speaking Hispanic populations across the United States. The Network presently includes approximately 70 broadcast television station affiliates in various parts of the country.

We are targeting the minority markets, primarily the African American and English-speaking Hispanic Markets, because we believe that they present vast marketing opportunities and that are currently under-served by our competition. The African American market, composes approximately 13% of the U.S. population with a spending power in excess of $600 billion. The Hispanic population is also approximately 13% of the U.S. total with a spending power also in the $600+ billion range. With few competitors in broadcast television that are exclusively devoted to programming to the minority markets, we feel that there are attractive opportunities to provide a quality broadcasting service to the African American and Hispanic (especially bi-lingual and English speaking Hispanic programming) populations that together make up in excess of 25% of the U.S. population.

On July 10, 2004, the Company received a certificate from Nevada Minority Business Council, an affiliate of the National Minority Supplier Development Council, indicating that the Company qualifies as a Minority Owned and Managed Company, which has met the certification criteria established by the National Minority Supplier Development Council. The certification was renewed on February 1, 2005 for twelve months.

Our financial results depend on a number of factors, including the strength of the national economy and the local economies served by our affiliate stations, total advertising dollars dedicated to the markets served by our affiliate stations, advertising dollars dedicated to the African American and Hispanic consumers in the markets served by our affiliate stations, our affiliate stations' audience ratings, our ability to provide interesting minority focused programming, local market competition from other television stations and other media, and government regulations and policies, such as the multiple ownership rules, the ability of Class A affiliate stations to be considered must carry for cable systems to increase their distribution and the deadlines for television stations converting to digital signals.

Management is implementing a revenue generation plan that includes securing Nielsen ratings for its programming on a local and national level, working with National and local advertising agencies, gaining more full power affiliates that do not have the financial means to subscribe to Nielsens, providing master control and uplinking for other parties signals to the satellite, plus implementing a technology plan to assist its affiliates with sale of their local advertising time. Management intends to increase rates as full power affiliate stations are added to the Network. The implementation of this comprehensive plan is expected to have a positive affect upon sales revenues. In addition, the Company has added a focus to secure carriage agreements with cable and digital distribution companies.

Revenues

Our primary source of revenue is the sale of advertising and programming time on our network and local affiliate stations. Our revenues are affected primarily by the advertising rates that we are able to charge for national advertising commercials on the Urban TV network and charge for local advertising commercial spots on the individual affiliate stations as well as the overall demand for African-American and English-speaking Hispanic television advertising time. Advertising rates in general are determined primarily by:

- the markets covered by the Network's broadcast television affiliates,
- the number of competing urban programming focused television stations in the same market as our affiliate stations,
- the television audience share as measured by Nielsen in the demographic groups targeted by advertisers, and
- the supply and demand for African-American advertising time.

Seasonal fluctuations are also common to the broadcast industry and are due primarily to fluctuations in advertising expenditures by national and local advertisers. The first calendar quarter typically produces the lowest broadcast revenues for the year because of the normal post-holiday decreases in advertising.

Currently most of our network advertising has been sold to direct response and per inquiry advertisers. Going forward, we plan to deploy a network advertising team consisting of account executives that will solicit advertising directly from national advertisers as well as soliciting advertising from national advertising agencies for national spots and also local spots that the Network will place for its affiliate broadcast television stations.

We market our advertising time on the Urban Television network to:

- Advertising agencies and independent advertisers. We market commercial time to advertising agencies and independent advertisers. The monetary value of this time is based upon the estimated size of the viewing audience; the larger the audience, the more we are able to charge for the advertising time.

To measure the size of a viewing audience, networks and stations generally subscribe to nationally recognized rating services, such as Nielsen. We do not currently have the Nielsen service and this hinders our ability to attract the larger advertising clients. We are in negotiations to acquire the Nielsen Media Research services. Currently, a number of Urban Television's affiliate stations are located in the smaller market areas of the country, which is also not as desirable to the larger advertising clients. Our goal is to enter into affiliate agreements with television stations located in the top demographic market areas (ideally stations that are already on a cable system), which would give us the ability to justify the cost of Nielsen ratings that would in turn justify charging higher rates for our advertising time.

o Affiliate Stations. In exchange for providing programming and advertising time to our affiliate stations, we retain advertising time and gain access to the affiliate stations' markets. In a traditional broadcasting contract, an affiliate station would retain all available advertising time, which it would then sell to outside advertisers, and the network would receive a fee from the affiliate station. However, we believe that with a network such as ours that currently is composed primarily of small independent low power stations that cannot afford a significant affiliation fee, we will have the ability to generate larger revenues over time by taking half of the affiliates advertising time, aggregating a number of the affiliate stations and accumulating a large household coverage base. This household coverage base of over the air broadcast television stations (which a portion will be on local cable in their local markets) can then be used to market the retained commercial time to outside advertisers. Advertising time is generally a component of the programming contract with affiliate stations. As a result, our advertising spots are inserted into the programs that go to the affiliates and we do have to separately market the advertising time to our affiliate stations.

o Program Owners: In exchange for licensing rights to select programming, the program owner retains half of the available advertising time in each program and we as the network get the other half of the available advertising time in each program. The program owner is then able to sell the advertising time he retains to outside parties. We obtain programming by contracting with program owners at the annual National Association of Television Program Executives convention and by contracting with program owners who during the year are looking for distributions sources. In the future, to acquire certain exclusive, original or first-run usage and licenses for programming, we may be required to incur upfront programming expenses.

Expenses

Our most significant expenses are satellite and uplink transmission costs, master control costs, technology expenses, employee compensation, advertising and promotional expenses, and production and programming expenses. In cases, where we may in the future incur upfront programming expenses to procure exclusive programming usages and licenses, upfront payments will, in most cases, be amortized over the applicable contract term on a per airing basis. Until cash flow permits, we do not expect to acquire exclusive programming usages and licenses that require up front costs. We will maintain tight controls over our operating expenses by centralizing master control, network programming, finance, human resources and management information system functions.

As a result of attracting key officers and personnel to Urban Television, we may offer stock grants or options as an alternate form of compensation. In the event that the strike price of the stock option is less than the fair market value of the stock on the date of grant, any difference will be amortized as compensation expense over the vesting period of the stock options.

Our monthly operating expense level may vary from month to month due primarily to the timing of significant advertising and promotion expenses. We will incur significant advertising and promotion expenses associated with the growth of

Urban Television and with the establishment of our presence in new markets associated with any new station leases or acquisition agreements. Increased advertising revenue associated with these advertising and promotional expenses will typically lag behind the incurrence of these expenses.

Advertising and Program Time Sales

The majority of all revenues generated is expected to come from the sale of national advertising spots and program time slots and from advertising spots and program time slots on affiliate broadcast stations.

National Spot Advertising. National advertisers have the opportunity to buy "spot" advertising on a network wide basis or in specific markets. For example, an advertising agency in New York could purchase advertising spots on a program airing in a particular time period on all the affiliate stations or purchase advertising spots for a program airing on affiliate stations in particular markets where the Network has an affiliate station.

The Company's plan is to have the yet to be established sales personnel located in all major markets that have a large concentration of advertising agencies targeting the African-American and English-speaking Hispanic markets. The sales of the local spot advertising would them be generated by these local sales staff personnel.

Local Spot Advertising. Advertising agencies and businesses located in specific markets will buy commercial air-time in their respective market. This commercial time will be sold in the market by a local sales force or as a specific buy from a national client. Local spot advertising also includes event marketing. In conjunction with a spot buy, the station incorporates events that may be held on the premise of a business or advertiser for the purpose of driving traffic to that place of business.

Program Time Sales. Also known as long-form programs are sold on the network and on locally managed stations to companies wanting to purchase the television time and air their own programs.

Results of Operations

Urban Television Network Corporation - Historical Results of Operations Year ended September 30, 2005 compared to the year ended September 30, 2004.

Revenues. Revenues are primarily derived from sales of advertising and programming time. Revenues for fiscal 2005 were $297,954 compared to $222,794 for fiscal 2004, an increase of $75,160. The increase in revenues is primarily attributable to increases in revenues from the production of events and uplink services. The small increase in revenues is attributable to the Company not yet having implemented its revenue generation plan that includes national and local advertising sales, uplinking other parties' signals to the satellite, plus implementing a technology plan to assist its affiliates with sale of their local advertising time. The Company has maintained its affiliate base of approximately 70 with a household coverage of approximately 22 million.

Cost of Operations. Costs of operations were $1,382,714 for the 2005 fiscal year and $1,406,567 for the 2004 fiscal year. The major components of cost of operations for the years ended September 30, 2005 and 2004 were as follows:

	2005	2004
Satellite and uplink services	$ 360,254	$ 329,104
Master control and production	267,254	445,179
Programming costs	215,835	45,000
Affiliate relations	69,048	--
Station operating costs	255,255	358,222
Technology expenses	215,068	229,062
Total Cost of Operations	$1,382,714	$1,406,567

Certain prior year amounts have been reclassified to conform with current year presentation.

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The expense for satellite, uplink services, master control and production decreased by $146,775 in 2005 as compared to 2004 primarily as the result of the Company consolidating its uplink master control operations at its Arlington facilities.

Programming costs increased by $170,835 in 2005 as compared to 2004 primarily as the result of the Company adding an executive vice president position and increasing the number of people working in this department.

Affiliate relations was a new department established during fiscal year 2005 with Carl Olivieri, Executive Vice President, heading up the department. The $69,048 is primarily made up of cost of personnel in a concentrated effort to increase the number of affiliates, especially full-power affiliates and also provide better affiliate services.

Station operating costs decreased by $102,967 in 2005 as compared to 2004 primarily as the result of the Company terminating its affiliation with two low power stations (the Oklahoma City station in April 2005 and the Dallas station in July 2005).

The technology expenses decreased by $13,994 in 2005 as compared to 2004. The decrease was attributable primarily to the Company- having completed it's conversion to a digital system in previous years.

General and Administrative. General and administrative expenses for the fiscal year ended September 30, 2005 were $1,619,574 compared to $6,253,565 for the 2004 fiscal year.

Following is a comparative of the general administrative expense categories for the periods ended September 30, 2005 and 2004.

	2005	2004
Administrative personnel	$ 300,000	$ 241,500
Stock based compensation	368,674	4,658,348
Consulting	30,015	239,884
Contract labor	6,935	3,501
Travel, conventions	50,337	161,402
Legal fees	119,784	507,950
Las Vegas office expenses	473,129	46,500
Commissions	14,111	31,270
Accounting fees	11,577	13,340
Public relations costs	5,050	18,253
Transfer Agent, permit fees	21,701	28,503
Rent expenses	53,084	80,571
Internet and service bureau costs	23,596	24,759
Supplies - digital operations	36,671	58,794
Supplies	6,493	12,959
Payroll taxes	13,069	--
Taxes -other	13,143	--
Telephone	22,227	66,015
Postage and shipping	9,051	8,935
Marketing,printing,promotions	9,294	22,681
Utilities	18,995	7,178
Other	12,638	21,222
TOTAL	$1,619,574	$6,253,565

Certain prior year amounts have been reclassified to conform to current year presentation.

Administrative personnel costs increased by $58,500 in fiscal year 2005 as the result of adding administrative personnel in the Chief Executive and President Positions during the year.

The decrease in stock based compensation is due primarily to the large amount being expensed in fiscal year 2004 as the result of Company's adding additional management and directors as the result of Wright Entertainment LLC acquiring a majority interest in the Company's common stock.

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Consulting expenses decreased by $209,869 in fiscal year 2005 primarily as the result of the Company increasing its management staff and reducing its use of outside consultants.

Travel and convention expenses decreased by $111,065 in fiscal year 2005 primarily as the result of the Company's reduced travel and related cost associated with not having Las Vegas, Nevada offices for nine months in fiscal year 2005.

Legal expenses decreased by $388,166 in fiscal 2005 primarily as the result of fiscal year 2004 having a charge of $250,000 for the value assigned to common stock issued for legal representation and significant decreases in the legal expenses related to the following fiscal year 2004 events; (a) the Company's becoming majority owned by a minority group, (b)the prosecution of a law suit involving a former employee and stockholder in which the Company was granted a permanent injunction and judgment in the amount of $1,575,850 and (c) the settlement of a lawsuit in which the Company was named as a defendant as the result of the Company airing a program that Pacific Family had represented as having the copyright and rights to air.

The Las Vegas office expenses increase of $426,629 is due to the costs associated with the resignation and termination of the stock subscription agreement by Lonnie G. Wright and Wright Entertainment LLC. These direct expenses were $447,500 for the fiscal year ended September 30, 2005. The $447,500 is made up of $307,500 in cash and note payable and $140,000 value assigned to 1,200,000 shares of common stock issued to Wright Entertainment LLC.

Commissions expenses decreased by $17,159 in fiscal year 2005 as the result of the Company having less revenues generated in fiscal year 2005 by commissioned sales people.

The costs of public relations decreased by $13,203 primarily as the result of a decrease in expenses for public functions, announcements and support for minority groups.

Transfer agent expenses decreased by $6,802 in fiscal year 2005 as the result of the Company not having the cost associated with bridge loan conversions incurred in fiscal year 2004.

Rent expenses decreased by $27,487 in fiscal year 2005 primarily as the result of the Company consolidating its operations from 3 facilities to one facility in Arlington, Texas.

The costs of supplies - digital operations decreased by $22,123 in fiscal year 2005 as the result of the majority of the conversion from a tape based system to a digital server based master control system occurring in fiscal year 2004. this will give the Company the ability to deliver a consistent television signal to its affiliates and save on tape and labor costs in the future.

The costs of supplies decreased by $6,466 in fiscal year 2005 primarily as the result of the Company consolidating its operations from 3 facilities to one facility in Arlington, Texas.

Payroll taxes increased by $13,069 in fiscal year 2005 as the result of the Company converting from contracting its master control operations to hiring its own employees.

Taxes - other increased by $13,143 in fiscal year 2005 as the result of its satellite and uplinking services being taxed by subjected to local and state sales and use taxes.

Telephone expenses decreased by $43,788 in fiscal year 2005 as the result of of the Company spending $39,853 in fiscal year 2004 for the installation of video fiber lines from its master control facilities in Arlington, Texas to the uplink facilities in DeSoto, Texas.

Marketing, printing and promotions expenses decreased by $13,387 in fiscal year 2005 primarily as the result of expenses incurred in fiscal year 2004 for the Las Vegas promotions event announcing Wright Entertainment LLC as the new majority owner.

Utilities expenses increased by $11,817 in fiscal year 2005 as the result of the Company consolidating its operations from 3 facilities to one facility in Arlington, Texas and paying the utility costs rather than contracting for spaces inclusive of utilities.

Interest expense for the fiscal year 2005 was $46,016 compared to $6,754 for fiscal year 2004. The increase from 2004 to 2005 is due to the Company's interest bearing debt increasing during fiscal 2005.

Operating Results. We had a net operating loss of $2,841,559 for fiscal year ended September 30, 2005 compared to a net operating loss of $7,525,621 for the fiscal year ended September 30, 2004. The decreased loss of $4,684,062 for 2005 was primarily attributed to the $4,634,975 decrease in administrative expenses of which $4,289,674 was attributable to a decrease in stock based compensation, $388,166 to a decrease in legal expenses and a $209,869 decrease in consulting expenses.

Earnings Per Share of Common Stock. Income (loss) per common share is calculated in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share." Basic Income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding. Diluted net income (loss) per share is computed similar to basic net income (loss) per share, except that the denominator is increased to include the number of additional common shares that would have outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Stock options and warrants are anti-dilutive, and accordingly, are not included in the calculation of income (loss) per share. The basic and diluted net loss per share of common stock was $0.03 and $0.15 for the years ended September 30, 2005 and 2004, respectively.

Liquidity and Capital Resources

We have financed our operations through a combination of loans from stockholders, proceeds from convertible promissory notes and revenues generated from operations. The Company has incurred cumulative losses of $18,431,993 from the inception of the Company through September 30, 2005.

Current liabilities at September 30, 2005 were $1,902,899 which exceeded current assets of $51,941 by $1,850,958. The Company's cash position at September 30, 2005 was $40,369, an increase of $31,374 from the position at September 30, 2004. As discussed below, the Company's ability to continue its growth will require additional funds from various sources. If adequate funds are not available on acceptable terms, our business, results of operations and financial condition could be materially adversely affected. In a worse case scenario, we would have to scale back or cease operations, and we might not be able to remain a viable entity. Amounts due to stockholders increased from $403,407 at September 30,2004 to $488,372 at September 30, 2005 as the result of an additional net of $84,965 being contributed by stockholders during the fiscal year ended September 30, 2005. Accrued compensation is the result of management deferring a portion of their annual compensation until the Company has funds available. Deferred income is the result of the Company receiving full payment for a year contract to air programming, which amount was being amortized on a monthly basis as the programming is aired.

Our continued growth, will require additional funds that may come from a variety of sources, including shareholder loans, equity or debt issuances, bank borrowings, capital lease financings, and the sale of the Company's mined coal reserves, which the Company acquired as discussed in Note 10 to the Consolidated Financial Statements. The Company is actively pursuing the sale of the mined coal reserves to utility Companies and other companies that use coal as an alternative fuel. Also the coal reserves have related federal income tax credits resulting from the Super Fund established by The Federal Government that can be sold to other companies and the Company is actively pursuing buyers for these

tax credits. We currently intend to use any funds raised through these sources to fund various aspects of our continued growth, including funding our working capital needs, funding key programming acquisitions, funding sales and marketing, securing cable connections, funding master control/ network equipment upgrades, making strategic investments.

The Company's licensing agreements with program suppliers are generally for a term of 13 to 52 weeks and are cancelable by either party upon thirty (30) days written notice. These license agreements provide the Company with a source of revenue by the Company's right to insert commercial spots during the programs. The Company's policy is to recognize the revenue associated with these sources of revenue at the time that it inserts the short-form advertising spots or airs the long-form program at the network or local level. As the Company continues to grow, it has been entering into new license agreements to replace existing licenses for programs that do not fit into the Company's business model for a minority focused television network. The cancelable feature of these license agreements could effect the Company's source of revenue generation should a program be cancelled by a licensor and the Company not be able to replace it within the 30 day notice of cancellation period.

We had net losses $2,841,559 in 2005 and $7,525,621 in 2004. We expect these losses to continue as we incur operating expenses in the growth of the Company's television network and its affiliate base and convert them to an Urban format, including African American and English speaking Hispanic programming. We currently anticipate that our revenues as well as cash from financings and equity sales will be sufficient to satisfy operating expenses by the end of fiscal 2006. We may need to raise additional funds, however. If adequate funds are not available on acceptable terms, our business, results of operations and financial condition could be materially adversely affected.

Impact of inflation

Management does not believe that general inflation has had or will have a material effect on operations.

Critical Accounting Policies

The discussion and analysis of the financial condition and results of operations are based on the financial statements, which have been prepared in accordance with generally accepted accounting principles. Note 1 of the Notes describes the significant accounting policies essential to the financial statements. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ materially from those estimates.

We believe the following to be critical accounting policies and estimates. That is, they are both important to the portrayal of the Company's financial condition and results, and they require significant management judgment and estimates about matters that are inherently uncertain. As a result of inherent uncertainty, there is a likelihood that materially different amounts would be reported under different conditions or using different assumptions. Although we believe that our judgments and estimates are reasonable, appropriate and correct, actual future results may differ materially from our estimates.

Revenue Recognition

The Company's sources of revenues include the sale of short-form national and local spot advertising and long-form program time slots. The Company's policy is to recognize the revenue associated with these sources of revenue at the time that it inserts the short-form advertising spots or airs the long-form program at the network or local level.

Non Goodwill Intangible Assets

Intangible assets other than goodwill consist of network assets acquired by purchase. They are being amortized over their expected lives of 5 years and are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. No impairment loss was recognized during the reporting periods. On January 1, 2002, the Company adopted Statement

of Financial Accounting Standards No. 142, Goodwill and Intangible Assets. This provides that a recognized intangible shall be amortized over its useful life to the reporting entity unless that life is determined to be indefinite. The amount of an intangible asset to be amortized shall be the amount initially assigned to that asset less any residual value.

Stock Based Compensation

The Company accounts for equity instruments issued to employees for services based on the fair value of the equity instruments issued and accounts for equity instruments issued to other than employees based on the fair value of the consideration received or the fair value of the equity instruments, whichever is more reliably measurable. The determined value is recognized as an expense in the accompanying consolidated statements of operations.

Contingencies

In the normal course of business, the Company is subject to certain claims and legal proceedings. The Company records an accrued liability for these matters when an adverse outcome is probable and the amount of the potential liability is reasonably estimable. The Company does not believe that the resolution of these matters will have a material effect upon its financial condition, results of operations or cash flows for an interim or annual period.

Recently Issued Accounting Pronouncements

Recently issued accounting pronouncements and their effect on us are discussed in the notes to the financial statements in our September 30, 2005 audited financial statements.

Item 7. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Financial Statements and Financial Statement Schedule filed as a part of This Annual Report on Form 10-KSB are listed on the Index to Consolidated Financial Statements on page 39.

Item 8. Changes in and Disagreements with Accountants on Accounting and

Financial Disclosure

None

Item 8A. Controls and Procedures.

Our management, including our Chief Executive Officer (the principal executive officer), Jacob R. Miles III, and our Chief Financial Officer (the principal financial officer), Randy Moseley, have reviewed and evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon this review and evaluation, these officers believe that our disclosure controls and procedures are effective in ensuring that material information related to us is recorded, processed, summarized and reported within the time periods required by the forms and rules of the Securities and Exchange Commission.

Our management, including our principal executive officer and principal financial officer, have reviewed and evaluated any changes in our internal control over financial reporting that occurred as of the end of the period covered by this report and there has been no change that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Item 8B. Other Information

Not Applicable.

PART III

Item 9. Directors, Executive Officers, Promoters and Control Persons: Compliance with Section 16(a) of the Exchange Act

The directors and executive officers of the Company as of December 29, 2005 are as follows:

Name	Age	Position
Jacob R. Miles III............	52	Chairman of the Board and Chief Executive Officer
Sandra Pate	50	Executive Vice President - Programming
Randy Moseley	57	Executive Vice President, Chief Financial Officer, Director
Carl Olivieri.................	42	Executive Vice President, Director
Dr. Ajibike O. Akinkoye	52	Director
Marc Pace.....................	49	Director
Stanley Woods	52	Director, Secretary

The term of office for each director is one (1) year, or until his/her successor is elected at the Company's annual meeting and is qualified. The term of office for each officer of the Company is at the pleasure of the board of directors, except for Randy Moseley. - See Item 10 - Executive Compensation.

Jacob R. Miles III, Chief Executive Officer and Chairman of the Board. Mr. Miles is also currently President of Grapevine Star Entertainment, Inc. an entertainment development and production company, a company he founded. Prior to 2002, Mr. Miles served as President and CEO of Urban Cool Network, Inc., an Internet Portal targeted at the Urban Community from 1997 to 2002. Mr. Miles has also served as President of the Dallas-Fort Worth chapter of the National Association of Minorities in Cable. He is a past executive with Hasbro, Tonka and General Mills Entertainment Group.

Sandra Pate, Executive Vice President - Programming. Ms. Pate's television career began in 1991 at Twentieth Television as executive assistant to the Sr. Vice President of Business And Legal Affairs. She then became Manager of Current Programming at Fox Broadcasting Company in 1993 where she was assigned responsibilities for primetime situation Comedies and dramas including, "Martin", "Living Single", "New York Undercover", And other shows on the Fox lineup. For the past eight years since 1997, she has Been President of Entertainment & Talent Consultants, Inc., a company she created To assist recording artists, novelists, visual artists, and other creative talent.

Randy Moseley, Executive Vice President, Chief Financial Officer, Director. Mr. Moseley was co-founder of the Company in October 2001 and was the President, Chief Executive Officer and Chief Financial Officer until the Company's management was reorganized In October of 2003 to accommodate the Wright Entertainment, LLC purchased 51% of the Company's common stock. Prior to the founding of Urban Television Network Corporation in October 2001, Mr. Moseley was Executive Vice President and Chief Financial Officer of Tensor Information Systems, Inc., a custom software development company based in Fort Worth, Texas from November 1999. Prior to joining Tensor, Mr. Moseley served as Executive Vice President and Chief Financial Officer for American Independent Network, Inc. ("AIN"), a network for independent broadcast television stations and cable operators. AIN merged with Hispanic Television Network, Inc. in November 1999 and its name changed to Hispanic Television Network, Inc. Previously, Mr. Moseley held positions with Jerry Lancaster & Associates Inc. and Ernst & Young. Moseley received a bachelor's degree in business administration from Southern Methodist University and is a certified public accountant. Mr. Moseley has affiliations with the Texas Society of CPAs and the American Institute of CPAs.

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Carl Olivieri, Executive Vice President of Operations, Director. Mr. Olivieri is past President of Soul to Sole Ventures, Inc. in Los Angeles, CA. Sole to Soul provides retail clients with services relating to customer service shopping, loss prevention, store safety, operating expense control, and in-store marketing evaluations. Mr. Olivieri served as field operations manager for U.S. Retail from January 2000 to May 2002. He managed 165 stores nationwide and was responsible for directing the operations and HR/Training for the managers to insure that the policies and training programs were linked to both strategic and sales goals. Mr. Olivieri served as regional manager for U.S. Retail from January 1997 to January 2000 and was responsible for the sales performance, personnel and operations for 30 stores in a seven state area. He is also an independent film producer and his latest project is the 60-minute documentary on Tupac Shakur titled, "2Pac 4Ever".

Dr. Ajibike O. Akinkoye, Director. Dr. Akinkoye is currently the Chief Executive Officer of Dove Media Group, Inc. which provides programming through television and radio to its member group around the world. Having studied French, English and German for his first degree and obtained a First Class (Honors) in French as major and German as subsidiary, he had been awarded a scholarship by the University of Ibadan, Nigeria, to study for a Master's and a Doctorate degree in France. For the Master's degree, he wrote his dissertation on the Sociology of Literature and Comparative Literature (French and English). He also took specialized courses in Psychology, Philosophy, and Communication Arts. As he proceeded to study for the PhD he was awarded an equivalent of the M.A. in French by the University of Pennsylvania while doing part of his field work in Philadelphia, PA. in 1974 -75. He later obtained the "Doctorate" from the University of Bordeaux. His doctoral thesis was on French and English writers of the Black Diaspora was received and registered at the University of Paris. He was sworn in as an American citizen on Saturday, June 21, 2002.

Stanley Woods, Corporate Secretary and Director. He has served as President of Cresson Investments, Inc., a corporate planning and consulting firm, since October of 2001. Mr. Woods taught at the junior college and high school levels from 1997 to 2001. He received a Bachelor's Degree in Business Administration from Tarleton State University in 1978.

Marc Pace, Corporate Director. He presently owns and operates M3X Real Estate Development and has been involved in the real estate development business for the past ten years plus being involved in several oil and gas development projects. He received a Bachelor's Degree in Business Management from Texas Tech University in 1976.

Compensation of Directors

The Company does not pay any cash compensation for attendance at directors meetings or participation in directors' functions.

Committees of the Board of Directors

Audit Committee

On September 30, 2002, our Board approved an Audit Committee Charter. During 2003, the Board of Directors appointed Marc Pace and Stanley Woods to serve on the on the audit committee. The audit committee will make recommendations concerning the engagement of independent public accountants, review with the independent public accountants the plans and results of such audit engagement, approve professional services provided by the independent public accountants, review the independence of the independent public accountants, consider the range of audit and non-audit fees and review the adequacy of our internal accounting controls.

Compensation Committee

We did not have a formal Compensation Committee during 2005 or 2004. We anticipate forming such a committee to make recommendations to the Board concerning compensation of our executive officers.

Compensation Committee Interlocks and Insider Participation

No executive officer or director of the company serves as an executive officer, director or member of a compensation committee of any other entity for which an executive officer, director or member of such entity is a member of the Board or the Compensation Committee of the Board. There are no other interlocks.

Advisory Committee

The Company has named six individuals to its advisory committee (the "Advisory Committee") with additional individuals to follow as the Company grows. Its members are expected to come from major demographic areas across the country and Include people from corporate and entertainment fields. The advisory committee members named are as follows:

Michael Gade - Executive in Attendance in Retail Marketing for the University of North Texas. Past corporate experience includes Regional CEO of Home Depot where responsible for complete P/L of 113 stores in the Southwest region generating $4.2 Billion in sales and over 9% profit. Prior to Home Depot, Mike was the Sr. Vice President of Merchandising, Marketing and Business Development at the 7-Eleven Corporation with over 5,600 stores and $10.2 Billion in annual revenue. Other corporate experience includes; the Associates First Capital Corporation where he increased the asset base from $35 Billion to $98 Billion and introduced celebrity Terry Bradshaw as a company spokesperson and grew revenue by $1.4 Billion; Former Chairman of Coppers & Lybrand International where Mike was responsible for growing and overseeing $860 Million in professional services revenue. Mike has published a number of books and was named the Marketing Man of the year by the American Marketing Association in 1987. Mike also sits on a number of corporate and charity boards.

Senator Manny Aragon - New Mexico Senator Aragon has dedicated his life to public service. Senator Aragon brings a lifetime of wisdom and knowledge related to the needs and desires of the Hispanic and other urban communities in America. Senator Manny Aragon has served in the New Mexico State Senate representing District 14 Since 1975. He is currently the Majority Floor Leader, was previously the President Pro-Tempore, and Chaired the Committees' Committee, the Judiciary Committee, the Rules Committee, the Council of State Governments - West, and the National Energy Council. He is currently a member of the National Energy Council, National Association of Latino Elected Officials, Council of State Governments - National, the Board of Directors of the National Democratic Campaign Committee, the Board of the Mexican American State Legislator Policy Institute, the New Mexico Bar Association and the Albuquerque Hispanic Chamber of Commerce. In June of 2004, Senator Aragon was appointed by the Board of Regents to be the new President of New Mexico Highlands University. Senator Aragon has maintained a private law practice in Albuquerque, New Mexico since 1986. Senator Aragon received a Bachelor of Arts in Political Science from the University of New Mexico in 1970 and a Juris Doctor from The University of New Mexico School of Law in 1973.

Jill Darden - Publisher of the Fort Worth Black News, a newspaper highlighting activities and accomplishments in the local African-American community. She also produces and hosts a television show that is featured on the local cable system. Ms. Darden graduated with a degree in Broadcast Journalism from the University of Texas at Arlington. While in college, she was elected Miss UTA and became the First African-American to hold the title. She was pictured in the national publication of Ebony Magazine among black college queens. Ms. Darden has received the Leadership Award From the U.S. Department of Commerce Minority Business Development Agency. She has published a book of poetry call Back Talk, poetic confessions from the soul and received the Paul R. Ellis Media Award from the American Heart Association for her story, Search Your Heart.

After formation, the Advisory Committee should meet with the Company's Board of Directors no less than quarterly for the purpose of discussing the Company's operations. The Advisory Committee shall have no binding authority, but it may advise and consult with the Chief Executive Officer and report to the Board of Directors. The Company will reimburse the members of the Advisory Committee for their expenses, but they shall not be paid any compensation for serving on the

Advisory Committee.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's Directors and executive officers, and persons who own more than 10% of the Company's Common Stock, to file with the Securities and Exchange Commission (a)initial reports of beneficial ownership (From 3), (b) reports of changes in (b) beneficial ownership of Common Stock of the Company (Form 4) and (c) annual reports of beneficial ownership (Form 5). Copies of those reports must also be furnished to us. Randy Moseley was delinquent in filing one Form 4 and Form 5. Marc Pace, Carl Olivieri, Stanley Woods, and Dr. Ajibike Akinkoye were delinquent in filing one Form 4 and Form 5 each.

Item 10. Executive Compensation

Randy Moseley, President, Chief Executive Officer and Chief Financial Officer at September 30, 2003, and currently Executive Vice President and Chief Financial Officer, received stock (see table below) issued under the 2003 Non-Qualified Stock Grant and Option Plan discussed below. Randy Moseley, President, Chief Executive Officer and Chief Financial Officer has an employment agreement as set forth below in this Item 10. There is no health insurance, retirement, pension, profit sharing or similar program currently in effect.

2003 Non-Qualified Stock Grant and Option Plan. The Company is authorized to issue up to 6,800,000 shares of common stock under its 2003 Non-Qualified Stock Grant and Option Plan (the "Plan") through an S-8 registration, as amended. The Board of Directors has the authority to determine the persons to whom options will be granted, The number of shares to be covered by each option. This Plan is intended to serve as an inventive to and to encourage stock ownership by certain directors, officers, employees of and certain persons rendering service to the Company, so that they may acquire or increase their proprietary interest in the success of the Company, and to encourage them to remain in the Company's service. During the period ended September 30, 2004, the Company distributed 1,586,000 of the shares through grants. During the period ended September 30, 2005, the Company Distributed 200,000 shares through grants.

The following table provides information about our Chief Executive Officer and each of our executive officers who received salary and bonus in the years ended September 30, 2005, 2004 and 2003, that exceeded $100,000, these persons being collectively referred to as "named executive officers."

Name and principal position	Year	Salary	Bonus	Other Annual Compensation(1)	All Other Compensation
Jacob R. Miles					
Executive Vice President	2004	$ 6,500	--	$ 25,000	--
CEO May-Sept)	2005	$ 69,500(2)	--	$150,000	--
Edward Maddox					
President (April-Sept)	2004	$ 30,000	--	$625,000	--
President (Sept - June)	2005	$ 37,000	--	--	--
Randy Moseley					

Chief Executive Officer	2003	$ --	--	$150,000	--
Executive VP/CFO	2004*	$200,000(3)	--	$250,000	--
Executive VP/CFO	2005**	$200,000(4)	--	--	--
Stanley Woods					
Secretary	2003	$ 50,000	--	$ 50,000	--
Secretary	2004*	$ 50,000	--	$250,000	--
Secretary	2005	$ 50,000	--	--	--

(1) Other Annual Compensation represents stock grants to the officers of the Company. Mr. Miles received 1,500,000 shares in fiscal year 2005, Mr. Maddox received 2,500,000 shares in fiscal year 2004, Mr. Moseley received 600,000 shares in fiscal year 2003 and 1,000,000 shares in fiscal year 2004, Mr. Woods received 200,000 shares in fiscal year 2003 and 1,000,000 shares in fiscal year 2004.

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(2) In 2005, Mr. Miles deferred $35,500 of his salary and the Company accrued it as a payable at September 30, 2005.

(3) In 2004, Mr. Moseley deferred $150,000 of his salary and the Company accrued it as a payable at September 30, 2004 and 2005.

(4) In 2005, Mr. Moseley deferred $126,000 of his salary and the Company accrued it as a payable at September 30, 2005. The total accrued for Mr. Moseley at September 30, 2005 was $276,000.

Option Grants in Last Fiscal Year

We did not grant any options to our named executive officers during fiscal year 2004.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year End Option Values

During fiscal year 2005, no options were exercised.

Stock Grants in Last Fiscal Year

During the 2005 fiscal year the Company issued stock grants for common stock under The 2003 Non-Qualified Stock Grant and Option Plan for consulting services. The Company issued 200,000 for consulting services, valued for financial reporting purposes at $40,000.00.

Employment Agreements with Executive Officers

Mr. Randy Moseley is employed pursuant to a five-year employment agreement that commenced on October 2, 2002. The agreement provides for a base annual salary equal to $200,000 and a possible annual cash bonus as determined by the Board of Directors and/or the Compensation Committee.

In October 2003, the employment agreement of Randy Moseley was extended and amended to allow for the naming of a new President and Chief Executive Officer for the Company. Mr. Moseley accepted the officer position of Executive Vice President and Chief Financial Officer and agreed to defer the payment of his salary for the period from October 2, 2002 to September 30, 2003 with this deferred year being added to the end of the original employment term to make the term of the employment agreement now end on September 30, 2008. During the periods ended September 30, 2004 and 2005, $150,000 and $126,000, respectively, of Mr. Moseley's annual compensation was accrued as a payable for a total of $276,000 at September 30, 2005.

Item 11. Security Ownership of Certain Beneficial Owners and Management

As of December 29, 2005, we had 136,211,277 shares of common stock outstanding. The following table sets forth information concerning beneficial ownership of shares of our common stock as of December 29, 2005:

- each person (or group within the meaning of Section 13(d)(3) of the (Exchange Act) known to us to own more than 5% of our outstanding common stock;
- each director;
- each executive officer; and
- all directors and executive officers as a group.

Except as otherwise noted, the named beneficial holder has sole voting and investment power. The address for all officers and directors is 2707 South Cooper Street, Suite 119, Arlington, Texas 76015.

	Shares of Common Stock Beneficially Owned (*)	
	Number	Percent
Miles Investment Group, LLC(2)	67,000,000	.492%
Jacob R. Miles III (1) (2) (3)	69,650,000	.511%
Colinas Investment Group, Inc (2)	8,500,000	.062%
Randy Moseley...(1)(2) (4)	1,820,000	.013%
Sandra Pate (1)	1,000,000	.007%
Marc Pace (1)	1,000,000	.007%
Stanley Woods (1)	1,000,000	.007%
Carl Olivieri (1)	1,000,000	.007%
All officers and directors as a group (persons)	85,970,000	.616%

(1) Directors and Officers
(2) 5% Beneficial shareholder
(3) Jacob R. Miles III is a director and Chief Executive Officer of the Company. He is also the managing member and President of the Miles Investment Group, LLC
(4) Randy Moseley's shares includes 350,000 shares owned by his spouse, therefore he is deemed a beneficial owner of these shares. Does not include an aggregate of 1,721,516 shares owned by Jonathan Moseley,

adult son of Randy Moseley, who does not reside with him. Mr. Moseley disclaims Beneficial ownership of the shares owned by his adult son.

(*) As used in this table, "beneficial ownership" means the sole or shared power to vote, or to direct the voting of, a security, or the sole or shared investment power with respect to a security (i.e., the power to dispose of, or to direct the disposition of, a security) and includes the ownership of a security through corporate, partnership, or trust entities. In addition, for purposes of this table, a person is deemed, as of any date, to have "beneficial ownership" of any security that such person has the right to acquire within 60 days after such date.

Item 12. Certain Relationships and Related Transactions

In January 2002, the Company underwent a change of control with the directors of the Company appointing the directors and officers of Urban Television Network Corporation, a Texas corporation, (Urban-Texas) as the new directors and officers of the Company, and at the same time resigning their board positions.

On May 1, 2002, the Company entered into an agreement with Urban-Texas to acquire the rights to the Urban-Texas affiliate network signal space which included the assignment of the Urban-Texas broadcast television station affiliates for 16,000,0000 shares of common stock, which became 800,000 shares after the 1 for 20 reverse split in November 2002.

On February 7, 2003, the Company entered into a Stock Exchange Agreement with the majority shareholders of Urban-Texas to acquire approximately 90% of the issued and outstanding capital stock of Urban-Texas (13,248,000 of 14,759,000 shares) in exchange for the Company's issuance of 13,248,000 shares of its authorized but unissued common stock, $.0001 par value (the "Exchange Shares"), to the majority shareholders of Urban-Texas.

Urban-Texas is considered the accounting acquirer, and the accompanying financial statements include the operations of Urban-Texas from the earliest period presented. The transaction with the Company is presented as a recapitalization of Urban-Texas.

The consideration exchanged in Stock Exchange Agreement was negotiated between the Company and Urban-Texas in a transaction with management. The management of the Company and Urban- Texas, were the same individuals. The transaction does not represent an arms-length transaction.

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The Company leased approximately 2,000 square feet of office space from one its shareholders and director for $2,000 per month, the total expensed in the year ended September 30, 2004 was $14,000.

On May 7, 2002, the new majority company shareholder, Urban Television, a Texas corporation, authorized an amendment to the Articles of Incorporation changing the corporate name from Waste Conversion Systems, Inc. to Urban Television Network Corporation. This authorization was implemented by the written consent of the majority shareholders in lieu of a special meeting. The new corporate name became effective in June 2002 when the Amendment to the Company's Articles of Incorporation were filed with the Nevada Secretary of State. This filing took place after notice to the Company shareholders in accordance with the disclosure provisions of the Schedule 14C Information Statement.

Urban Television Network Corporation (Urban-Texas), a Texas corporation, was organized in October 2001 for the purpose of acquiring the original American Independent Network (AIN) television broadcast signal and television network affiliate base from Hispanic Television Network, Inc. AIN provided a general market, family-oriented programming to its network affiliates. Urban-Texas changed the AIN programming format when it acquired the broadcast signal and affiliate base from HTVN to focus the programming content on the ethnic minority programming interests of African-American viewers across the United States.

In year 2003, the Company began using the services of Clear Fork Communications, a company (in which Marc Pace, a director of Urban Television, owns a 15% interest), that provides the Company with the equipment and master control services to put the Company's programming on the satellite for the broadcast affiliates to receive and rebroadcast to their local markets. During the year ended September 30, 2004, the total expense paid out for these services was $430,367.

During the year ended September 2003, the Company executed interest bearing notes with certain shareholders. The principal borrowed of $168,765 plus accrued interest of $29,750 were converted to a non-interest payable to the shareholder. As discussed below, the shareholder agreed to reduce the Company payable by $198,515 to apply towards the purchase of common stock by Wright Entertainment LLC during the year ended September 30, 2004. This note was reinstated as part of the termination agreement with Wright Entertainment LLC discussed in Note 5 to the financial statements included in this 10KSB filing. In February 0f 2005, the note was converted to 1,000,000 shares of the Company's common stock by the noteholder.

The Company executed an interest bearing note with a shareholder of the Company during the period ended September 30, 2003 to pay operating expenses. During the period ended September 30, 2003 the amounts loaned totaled $132,200. During the period ended September 30, 2004, the Company repaid $130,000 of the note principal. The Company executed interest bearing noted with a shareholder of the Company during the period ended September 30, 2004 to pay operating expenses. During the period ended September 30, 2004 the amounts loaned totaled $400,000.

Item 13. Exhibits, LISTS and Reports on Form 8-K

(a) EXHIBITS

Exhibit No.	Description and Method of Filing
2.0	Asset Purchase Agreement w/o Exhibits
10.1	Promissory Note
10.2	Satellite Transponder Space Service Agreement between Hispanic Television Network, Inc. and Urban Television Network Corporation dated on, or about October 28, 2001
10.3	Agreement between Hispanic Television Network, Inc. and Urban Television Network Corporation dated November 13, 2001

10.5	Satellite Space Agreement with Loral Skynet dated on, or about November 22, 2002

10.6	Employment Agreement by and between Randy Moseley and Urban Television Network Corporation, dated October 2, 2002.
10.7	Employment Agreement by and between Stanley Woods and Urban Television Network Corporation, dated October 2, 2002.
10.8	Bridge Loan Agreement and Promissory Notes with stockholder.
10.9	World One Media Group, Inc. Subscription Agreement
10.10	World One Media Group, Inc. Promissory Note to the Company
10.11	World One Media Group, Inc. Warrant Agreement with the Company
10.12	Master Service Agreement with Westar Satellite Services LP dated on, or about October 15, 2005.
10.13	Satellite Space Agreement with Intelsat, Inc. dated on, or about December 2, 2005
31.1*	Certification by Chief Executive Officer, pursuant to 18 USC Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification by Chief Financial Officer, pursuant to 18 USC Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification by Chief Executive Officer, pursuant to 18 USC Section 1850 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification by Chief Financial Officer, pursuant to 18 USC Section 1850 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
21*	Subsidiaries of the Registrant.

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*Filed herewith.

(b) Reports on Form 8-K.

On July 5, 2005, we filed a Form 8-K announcing the resignation of Edward C. Maddox as a director of the Company.

On July 8, 2005, we filed a Form 8-K announcing the sales of unregistered securities.

On August 25, 2005, we filed a Form 8-K to publish a progress report By Jacob R. Miles III, the Company's Chief Executive Officer.

On October 4, 2006, we filed a Form 8-K announcing a Stock/Commodity Exchange Agreement with Geotec Thermal Generators, Inc. for the acquisition of 200,000 tons of coal in exchange for 100,000 shares of the Company's preferred stock, with the transaction being valued at $4,600,000.

On October 26, 2005, we filed a Form 8-K announcing the conversion of $303,289.80 of loans to 3,032,898 shares of common stock and the issuance of 200,000 shares to noteholder for the extension of a $171,710.20 note to March 31, 2006.

Item 14. Principal Accountant Fees and Services

Audit Fees. The aggregate fees billed by our auditors, for professional services rendered for the audit of our annual financial statements for the years ended September 30, 2005 and 2004, and for the reviews of the financial statements included in our Quarterly Reports on Form 10-QSB during those fiscal years were $11,577 and $13,340, respectively.

Audited Related Fees. The aggregate fees billed for assurance and related services by our principal accountant that are reasonably related to the performance of the audit or review of our financial statements, other than those previously reported in this Item 14, for the fiscal years ended September 30, 2005 and 2004 were $-0- and $-0-, respectively.

Tax Fees. The aggregate fees billed for assurance and related services by our principal accountant for tax compliance, tax advice and tax planning for the fiscal years ended September 30, 2005 and 2004 were $-0- and $-0-, respectively.

All Other Fees. For the fiscal years ended September 30, 2005 and 2004, we did not incur fees to auditors for services rendered to us, other than the services covered in "Audit Fees".

Audit Committee. The Company's audit committee approved all the services described above in this Item 14 for the year ended September 30, 2005.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Urban Television Network Corporation

By: /s/ Jacob R. Miles III

Jacob R. Miles III
Chairman of the Board and CEO

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities indicated on January 13, 2005.

By: /s/ Jacob R. Miles III Jacob R. Miles III	Title:Chairman of the Board	Date: January 13, 2006

By: /s/ Jacob R. Miles III ----------------------- Jacob R. Miles III	Title:Chief Executive Officer and Director	Date: January 13, 2006
By: /s/ Randy Moseley ----------------------- Randy Moseley	Title:Executive Vice President Chief Financial Officer and Director	Date: January 13, 2006
By: /s/ Carl Olivieri ----------------------- Carl Olivieri	Title:Executive Vice President and Director	Date: January 13, 2006
By: /s/ Marc Pace ----------------------- Marc Pace	Title:Director	Date: January 13, 2006
By: /s/ Stanley Woods ----------------------- Stanley Woods	Title:Secretary, Director	Date: January 13, 2006

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FINANCIAL STATEMENTS

Our consolidated financial statements are stated in United States Dollars (US$) and are prepared in conformity with generally accepted accounting principles of the United States of America.

The following financial statements pertaining to Urban Television Network Corporation and Subsidiaries are filed as part of this 10KSB:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheet as of September 30, 2005 and 2004

Consolidated Statement of Operations for the years ended September 30, 2005 and 2004

Consolidated Statement of Stockholders' Equity for the years ended September 30, 2005 and 2004

Consolidated Statement of Cash Flows for the years ended September 30, 2005 and 2004

Notes to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

Board of Directors
Urban Television Network Corporation
Arlington, Texas

We have audited the accompanying consolidated balance sheets of Urban Television Network Corporation (a Nevada corporation) and subsidiaries as of September 30, 2005 and 2004, and the related consolidated statements of operations, capital deficit and cash flows for the years ended September 30, 2005 and 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban Television Network Corporation as of September 30, 2005 and 2004, and the results of its operations and changes in its cash flows for the years ended September 30, 2005 and 2004 in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 12 to the financial statements, the Company has suffered recurring losses from operations that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 12. The financial statements may not include all adjustments that might result from the outcome of this uncertainty.

/s/ Comiskey & Company, P.C.

Denver, Colorado
December 20, 2005

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Urban Television Network Corporation

Consolidated Balance Sheet

September 30, 2005 and 2004

	2005	200
ASSETS		
Current assets:		
Cash and cash equivalents	$ 40,369	$
Accounts receivable	11,572	1
Total current assets	51,941	2
Furniture, fixtures and equipment, net	97,520	13
Other assets		
Coal reserves	4,600,000	
Network assets, net	63,082	9
Deposits	3,600	
Organizational costs	360	
	4,667,042	9
Total Assets	$ 4,816,503	$ 25
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 403,192	$ 33
Due to stockholders	151,015	
Notes payable to stockholders	337,367	40
Advances	665,000	
Accrued compensation	341,760	15
Accrued interest payable	4,565	1
Deferred revenue	--	6
Total current liabilities	1,902,899	96

Stockholders' equity (deficit):		
Preferred stock, $1 par value, 500,000 shares authorized, 100,000 outstanding at September 30, 2005	100,000	
Common stock, $.0001 par value, 200,000,000 shares authorized, 135,461,277 and 67,135,177 outstanding at September 30, 2005 and 2004	13,546	
Additional paid-in capital - common stock	27,922,051	23,67
Stock subscription receivable	(6,690,000)	(8,80
Accumulated deficit	(18,431,993)	(15,59
Total stockholders' equity (deficit)	2,913,604	(70
	$ 4,816,503	$ 25

See notes to financial statements.

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Urban Television Network Corporation

Consolidated Statements of Operations

For the years ended September 30, 2005 and 2004

	2005	2004
Revenues	$ 297,954	$ 222,794
Expenses:		
Satellite and uplink services	360,254	329,104
Master control and production	267,254	445,179
Programming	215,835	45,000
Affiliate relations	69,048	--
Station operating costs	255,255	358,222
Technology expenses	215,068	229,062
Administration	1,619,574	6,253,565
Depreciation and amortization	92,193	81,529
Total expenses	$ 3,094,481	$ 7,741,661
Income loss from operations	(2,796,527)	(7,518,867)
Other income (expense)		
Interest expense (net)	(45,032)	(6,754)

Net income (loss)	$ (2,841,559)	$ (7,525,621)
Earnings per share:		
Net income (loss)	$ (0.03)	$ (0.15)
Weighted average number of common shares outstanding	81,426,150	49,004,591

See notes to financial statements.

Urban Television Network Corporation

Consolidated Statements of Capital Deficit

For the years ended September 30, 2005 and 2004

	Preferred Stock Shares	Preferred Stock Amount	Common Shares	Stock Amount
Balance, September 30, 2003	--	$ --	23,711,736	$ 2,371
Stock subscription	--	--	14,000,000	1,400
Stock subscription received				
Stock issued for management Services	--	--	4,000,000	400
Stock issued for services	--	--	21,053,000	2,106
Stock issued for bridge loan conversions	--	--	4,135,441	414
Stock issued for equipment	--	--	120,000	12
Stock issued to vendor	--	--	115,000	11
Net loss for year ended September 30, 2004	--	--	--	--
Balance, September 30, 2004	--	--	67,135,177	6,714

Stock subscription	--	--	70,000,000	7,000
Stock subscription cancelled	--	--	(14,000,000)	(1,400)
Cancelled management shares	--	--	(4,000,000)	(400)
Stock subscription	--	--	69,000,000	6,900
Stock subscription cancelled	--	--	(67,500,000)	(6,750)
Stock issued for services	--	--	5,250,000	525
Stock issued for bridge loan conversions	--	--	9,276,100	927
Stock issued to vendor	--	--	300,000	30
Stock issued for coal reserves	100,000	100,000	--	--
Net loss for year ended September 30, 2005	--	--	--	--
Balance September 30, 2005	100,000	$ 100,000	135,461,277	$ 13,546

See notes to financial statements.

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Urban Television Network Corporation

Consolidated Statements of Capital Deficit -Continued

For the years ended September 30, 2005 and 2004

	Additional Paid-In Capital	Stock Subscription Receivable	Accumulated Deficit	Total Capital Deficit
Balance, September 30, 2003	$ 8,058,311	$ (57,400)	$ (8,064,813)	$ (61,531)
Stock subscription	6,998,600	(6,800,000)	--	200,000
Stock subscription received	--	57,400	--	57,400
Stock issued for management Services	1,999,600	(2,000,000)	--	--
Stock issued for services	4,710,322	--	--	4,712,428
Stock issued for bridge loan conversions	1,852,234	--	--	1,852,648

Stock issued for equipment	29,988	--	--	30,000
Stock issued to vendor	28,489	--	--	28,500
Net loss for year ended September 30, 2004	--	--	(7,525,621)	(7,525,621)
Balance, September 30, 2004	23,677,544	(8,800,000)	(15,590,434)	(706,176)
Stock subscription	6,993,000	(6,750,000)	--	250,000
Stock subscription cancelled	(6,998,600)	6,800,000	--	(200,000)
Cancelled management shares	(1,999,600)	2,000,000	--	--
Stock subscription	6,893,100	(6,690,000)	--	210,000
Stock subscription cancelled	(6,743,250)	6,750,000	--	--
Stock issued for services	627,892	--	--	628,417
Stock issued for bridge loan conversions	935,995	--	--	936,922
Stock issued to vendor	35,970	--	--	36,000
Stock issued for coal reserves	4,500,000	--	--	4,600,000
Net loss for year ended September 30, 2005	--	--	(2,841,559)	(2,841,559)
Balance September 30, 2005	$ 27,922,051	$ (6,690,000)	$(18,431,993)	$ 2,913,604

See notes to financial statements.

Urban Television Network Corporation

Consolidated Statements of Cash Flows

For the years ended September 30, 2005 and 2004

	2005	2004
Operating activities:		
Net (loss)	$(2,841,559)	$(7,525,621)
Adjustments to reconcile net (loss) to cash provided (used) by operating activities:		
Depreciation and amortization	92,196	81,529
Stock issued for services	664,500	4,740,928
Net change in assets and liabilities:		

Accounts receivable	3,283	(10,614)
Prepaid expenses	(3,600)	--
Accounts payable	68,789	237,725
Other advances	665,000	--
Accrued compensation	191,760	150,000
Deferred revenue	(67,000)	67,000
Accrued interest payable	(5,484)	7,089
Net cash provided (used) by operating activities	(1,232,115)	(2,251,964)
Investing Activities:		
Purchase of equipment	(18,325)	(118,704)
Total investing activities	(18,325)	(118,704)
Financing activities:		
Proceeds from common stock sales	460,000	--
Proceeds from shareholders advances	395,515	401,207
Repayments on shareholder advances	(82,250)	(130,000)
Proceeds from bridge loans	508,549	1,873,048
Total financing activities	1,281,814	2,144,255
Net increase (decrease) in cash	31,374	(226,413)
Cash, beginning of period	8,995	235,408
Cash, end of period	$ 40,369	$ 8,995
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$ 31,500	$ --
Income taxes	$ --	$ --
Non cash transactions:		
Preferred stock issued for coal reserves	$ 4,600,000	$ --
Common stock issued for bridge loan conversions	$ 428,890	
Common stock issued for services	$ 664,500	$ 4,740,928
Common stock issued for equipment	$ --	$ 30,000
Debt forgiveness applied to stock subscription	$ --	$ 200,000

See notes to financial statements.

Urban Television Network Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2005 and 2004

1. Significant Accounting Policies

Description of Business

Urban Television Network Corporation (the "Company") formerly known as Waste Conversion Systems, Inc. was incorporated under the laws of the state of Nevada on October 21, 1986. The principal office of the corporation is 2707 South Cooper Street, Suite 119, Arlington, Texas 76015.

In January 2002, the Company underwent a change of control in connection with Urban Television Network Corporation, a Texas corporation, (Urban-Texas) agreeing to deposit $100,000 into an attorneys escrow account in return for receiving a balance sheet with no assets and no liabilities. The directors of the Company appointed Urban-Texas officers as new officers of the Company, and at the same time resigned their board positions and appointed the directors of Urban-Texas as the Company's new board of directors. Urban-Texas agreed to deposit 300,000 shares of the Company's common stock into the attorney's escrow account after the completion of the Stock Exchange Agreement described below, dated February 7, 2003.

On May 1, 2002, the Company entered into an agreement with Urban-Texas to acquire the rights to the Urban-Texas affiliate network signal space which included the assignment of the Urban-Texas broadcast television station affiliates for 16,000,0000 shares of common stock, which became 800,000 after a 1 for 20 reverse stock split.

On February 7, 2003, the Company entered into a Stock Exchange Agreement with the majority shareholders of Urban-Texas. Among other things, the Agreement provided for the Company's purchase of approximately 90% of the issued and outstanding capital stock of Urban-Texas (13,248,000 of 14,759,000 shares) in exchange for the Company's issuance of 13,248,000 shares of its authorized but unissued common stock, $.0001 par value (the "Exchange Shares"), to the majority shareholders of Urban-Texas. In June 2003, the remaining 10% of Urban- Texas was acquired by Company.

Urban-Texas is considered the accounting acquirer, and the accompanying financial statements include the operations of Urban-Texas from the earliest period presented. The Company operated from May 1, 2002 to February 7, 2003 as a 71% subsidiary of Urban-Texas, a predecessor entity to the existing business. The May 1, 2002 and February 7, 2003 transactions with the Company are presented as a recapitalization of Urban-Texas.

The Company is authorized to issue 200,000,000 shares of $.0001 par value stock and 500,000 shares of $1.00 par value preferred stock.

The Company is engaged in the business of supplying programming to broadcast television stations and cable systems. Formerly the Company's business had been the marketing of thermal burner systems that utilize industrial and agricultural waste products as fuel to produce steam, which generates electricity, air-conditioning or heat.

On September 30, 2005, the Company entered into an agreement with GeoTec Thermal Generators, Inc. to acquire 200,000 tons of mined coal in exchange for 100,000 shares of Preferred Stock, which may be converted into the Company's Common Stock, at the sole discretion of the GeoTec Thermal Generators, Inc., at any time in an amount equal to the purchase price at the stock bid price of $.10 on September 30, 2005.

Urban Television Network Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2005 and 2004

1. Significant Accounting Policies - continued

The Company is actively pursuing the sale of the mined coal reserves to utility companies and other companies that use coal as an alternative fuel. Also the coal reserves have related federal income tax credits resulting from the Super Fund established by The Federal Government that can be sold to other companies and the Company is actively pursuing buyers for these tax credits.

Accounting Method

The Company records income and expenses on the accrual method.

Revenue Recognition

The Company's sources of revenues include the sale of short-form national and local spot advertising and long-form program time slots. The Company's policy is to recognize the revenue associated with these sources of revenue at the time that it inserts the short-form advertising spots or airs the long-form program at the network or local level.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All material intercompany accounts and transactions are eliminated. The Company owns 100% of Urban Television Network Corporation, a Texas corporation and 100% of Waste Conversion Systems Of Virginia, Inc.

Coal Reserves

The Coal reserves owned by the Company are recorded at lower of cost or net Realizable value. Net realizable value is the estimated price at which the coal reserves can be sold in the normal course of business after allowing for the cost of processing and sale. Such cost will be depreciated using the units-of-production method as the coal reserves are sold.

Non Goodwill Intangible Assets

Intangible assets other than goodwill consist of network assets acquired by purchase. They are being amortized over their expected lives of 5 years and are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. No impairment loss was recognized during the reporting periods. On January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, Goodwill and Intangible Assets. This provides that a recognized intangible shall be amortized over its useful life to the reporting entity unless that life is determined to be indefinite. The amount of an intangible asset to be amortized shall be the amount initially assigned to that asset less any residual value.

Issuance of Common Stock

The issuance of common stock for other than cash is recorded by the Company at management's estimate of the fair value of the assets acquired or services rendered.

Urban Television Network Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2005 and 2004

1. Significant Accounting Policies - continued

Income (Loss) Per Share

Income (loss) per common share is calculated in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings per Share". Basic Income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding. Diluted net income (loss) per share is computed similar to basic net income (loss) per share, except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. Stock options and warrants are anti-dilutive, and accordingly, are not included in the calculation of income (loss) per share.

Comprehensive Income

Comprehensive income (loss) and net income (loss) are the same for the Company.

Cash

For purposes of the statement of cash flows, the Company considers unrestricted cash and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash.

Concentration of Credit Risk

The Company at times maintains cash in excess of federally insured limits. The amount in excess of the federally insured limits at September 30, 2005 was $-0-.

Advertising Costs

The Company expenses non-direct advertising costs as incurred. The Company did not incur any direct response advertising costs for the periods ended September 30, 2005 and 2004.

Stock Based Compensation

The Company accounts for equity instruments issued to employees for services based on the fair value of the equity instruments issued and accounts for equity instruments issued to other than employees based on the fair value of the consideration received or the fair value of the equity instruments, whichever is more reliably measurable. The determined value is recognized as an expense in the accompanying consolidated statements of operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Urban Television Network Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2005 and 2004

1. Significant Accounting Policies - continued

Recent Accounting Standards

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs - an amendment of ARB No. 43, Chapter 4." This Statement clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted materials. This Statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. The initial application of SFAS No. 151 will have no impact on the Company's financial statements.

In December 2004, the FASB issued SFAS No. 152, "Accounting for Real Estate Time-Sharing Transactions - an amendment of FASB Statements No. 66 and 67." This Statement references the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position 04-2, "Accounting for Real Estate Time-Sharing Transactions." This Statement also states that the guidance for incidental operations and costs incurred to sell real estate projects does not apply to real estate time-sharing transactions. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. The initial application of SFAS No. 152 will have no impact on the Company's financial statements.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets - an amendment of APB Opinion No. 29." This Statement eliminates the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This Statement is effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. The Company does not expect application of SFAS No. 153 to have a material affect on its financial statements.

In December 2004, the FASB issued a revision to SFAS No. 123, "Share-Based Payment." This Statement supercedes APB Opinion No. 25, "Accounting for Stock Issued to Employees" and its related implementation guidance. It establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. This Statement does not change the accounting guidance for share-based payment transactions with parties other than employees provided in Statement No. 123 as originally issued and EITF Issue No. 96-18. This Statement is effective for public entities that file as small business issuers as of the beginning of the first fiscal period that begins after December 15, 2005. The Company has not yet determined the impact of SFAS No. 123 (revised) on its financial statements.

In May 2005, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 154, "Accounting Changes and Error Corrections." SFAS 154 changes the requirements for the accounting for and reporting of a change in accounting principle, requiring, in general, retrospective application to prior periods' financial statements of changes in accounting principle. The Company has adopted the provisions of SFAS No. 154 which are effective for accounting changes and corrections of errors beginning after December 15, 2005. The adoption did not have a material effect on the results of operations of the Company.

1. Significant Accounting Policies - continued

Stock Options

The Company accounts for non-employee stock options under SFAS 123, whereby option costs are recorded at the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliable measurement, in accordance with EITF 96-18 "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring or in Conjunction with Selling Goods or Services".

Reclassification of Prior Year Amounts

Certain prior year amounts have been reclassified to conform with current year presentation.

2. Accounts receivable

Accounts receivable consists of normal trade receivables. The Company assesses the collectibility of its accounts receivable regularly. Based on this assessment, an allowance for doubtful accounts is recorded. At September 30, 2005 and 2004, an allowance for doubtful accounts was not considered necessary.

3. Network Assets - Amortization

Network assets consist of intangibles other than Goodwill. These assets are recorded at cost and consist of amounts paid to acquire the television network affiliate base from Hispanic Television Network, plus technology consulting directly related to setting up the affiliate network. These assets automatically renew every year unless either party terminates the agreement by such notification to the other party. A useful life of five (5) years is estimated for the assets. These agreements are not expected to be terminated by either party prior to its useful life period. Total amortization of these assets has been $132,546 and the amortization for the periods ended September 30,2005 and 2004 was $35,258 and $39,125, respectively.

Future amortization of the Network assets at September 30, 2005 will be $63,082 and on an annual basis be as follows:

Year ended September 30, 2006	$25,040
Year ended September 30, 2007	$25,040
Year ended September 30, 2008	$13,002

4. Coal Reserves

By agreement dated September 30, 2005 with GeoTec Thermal Generators, Inc., the Company acquired 200,000 tons of mined coal in exchange for 100,000 shares of preferred Stock, which may be converted into the Company's common stock, at the sole discretion of the GeoTec Thermal Generators, Inc., at any time in an amount equal to the purchase price, which based on the bid price of $.10 price on September 30, 2005, was valued at $4,600,000. GeoTec Thermal Generators, Inc. has other coal in other locations in the United States and the agreement allows the Company to substitute coal in these other locations, which the Company may exercise this right if it for example would expedite the delivery process.

5. Furniture, Fixtures and Equipment

Furniture, fixtures and equipment, their estimated useful lives, and related Accumulate depreciation at September 30, are summarized as follows:

	Range of Lives in Years	2005	2004
Master Control, Editing Equipment	3-5	$ 84,074	$ 65,749
Studio and Production Equipment	3-5	60,500	60,500
Production Van	5	45,000	45,000
Affiliate Receiver Equipment	5	20,247	20,247
		$ 209,821	191,496
Less: Accumulated Depreciation		(112,301)	(55,363)
		$ 97,520	$ 136,133

The Company acquired equipment totaling $18,325 during the year ended September 30, 2005 and $148,704 during the year ended September 30, 2004. Depreciation expense for the periods ended September 30, 2005 and 2004 was $56,935 and $41,509, respectively.

6. Related Party Transactions

In May 2002, the Company issued 16,000,000 (800,000 after the 1 for 20 Reverse) shares to Urban Television Network Corporation, a Texas corporation for asset purchase of network assets - See footnote 1.

The Company has leased office space from one its shareholders and director for $2,000 per month. The total rental expense for the year ended September 30, 2004 $24,000.

In year 2003, the Company began using the services of a company owned by shareholders, one being a director of the Company, that provides the Company with the equipment and master control services to put the Company's programming on the satellite for the broadcast affiliates to receive and rebroadcast to their local markets. During the year ended September 30, 2004 the total expense paid out for these services was $430,367.

The Company uses the services of a company owned by shareholders to provide it with technology services including Internet and affiliate relations. During the years ended September 30, 2005 and 2004, the total expense paid out for these services was $215,068 and $229,062, respectively.

During the period ended September 2003, the Company executed an interest bearing note with a shareholder. The principal borrowed of $168,765 plus accrued interest of $29,750 were converted to a non-interest payable to the shareholder. As discussed below, the shareholder agreed to reduce the Company payable by $198,515 to apply towards the purchase of common stock by Wright Entertainment LLC during the period ended September 30, 2004. In December 2004, this payable was reinstated in conjunction with the termination of the Wright Entertainment LLC subscription agreement and the execution of the World One Media Group, Inc. subscription Agreement discussed later in this Note 5. This note was converted to 1,000,000 shares of common stock in February of 2005.

6. Related Party Transactions - continued

The Company executed an interest bearing note with a shareholder of the Company during the period ended September 30, 2003 to pay operating expenses. During the period ended September 30, 2003 the amounts loaned totaled $132,200. During the period ended September 30, 2004, the Company repaid $130,000 of the note principal.

The Company executed an interest bearing note with a shareholder of the Company during the period ended September 30, 2004 to pay operating expenses. During the year ended September 30, 2004 the amounts loaned totaled $400,000. In September 2005, $228,290 of this note was converted to 2,282,900 shares of common stock by the noteholder and the remaining balance of $171, 710 was extended to March 31, 2006. See Note 6 disclosure of terms, interest rate and conversion privileges.

On October 30, 2003, the Company completed a stock subscription agreement with Wright Entertainment, LLC, a Nevada limited liability company, whose owner and managing director is Lonnie G. Wright, Chairman and Chief

Executive Officer of the Company. Wright Entertainment, LLC entered into the stock subscription agreement for Fourteen Million (14,000,000) common shares for Seven Million ($7,000,000) Dollars or Fifty ($0.50) Cents per share. The stock sale was structured as an installment stock sale.The terms of the stock sale are as follows: $500,000 down, the $6,500,000 balance payable on a promissory note at $875,000 Dollars quarterly, including 6% interest on the declining balance. A portion ($200,000) of the $500,000 down payment was satisfied by one of the Company's lenders forgiving $198,515 of advances due the lender and $1,485 of accrued interest on a note payable to the lender. As part of the definitive agreement, between the Company, Wright Entertainment LLC and World One Media Group, Inc. discussed in the next paragraph this stock subscription agreement for 14,000,000 shares was termination and the 4,000,000 shares that had been issued to Wright Entertainment LLC's for management services and to be vested upon Wright Entertainment LLC's completed the payment for its subscription agreement were cancelled. The definitive agreement calls for the Company to pay Wright Entertainment LLC, owned by Lonnie G. Wright, $300,000 ($60,000 at the signing and $15,000 per month for sixteen months beginning January 15, 2005) and issue Wright Entertainment LLC 1,000,000 shares of the Company's restricted common stock.

On December 13, 2004, we entered into a definitive agreement with World One Media Group, Inc., a Nevada corporation. The definitive agreement called for World One to purchase 70,000,000 restricted common shares for $7,000,000. The subscription agreement signed on December 23, 2004 set the terms of the installment purchase at $100,000 being paid on December 23, 2004 and with a promissory note bearing no interest being executed for the remaining $6,900,000 and being paid at the rate of $150,000 every 45 days beginning on January 31, 2005 until promissory note has been paid in full.

All the shares are pledged as collateral for the promissory note and will be physically held by the Company. Additionally, World One will be issued warrants for 30,000,000 (reduced by mutual agreement from the original 80,000,000 warrant) shares of common stock that can be exercised for $.01 per share at any time after the Company's stock price has maintained a $10 bid price for 20 consecutive trading days. The total warrants exercisable will be subject the available authorized and unissued shares of the Company at the time of exercise.

6. Related Party Transactions - continued

On July 26, 2005, the Board of Directors voted to (1) terminate the stock subscription agreement with Dove Media Group, Inc. (formerly known as World One Media Group, Inc.) due to its nonpayment of required installment payments, (2) cancel the 70,000,000 shares issued and held by the Company as security on the stock subscription agreement, (3) reissue 2,500,000 shares to Dove Media Group, Inc. for $250,000 that it paid towards the stock subscription Agreement and (4) cancel the 5,000,000 shares that had been authorized for Dr. Ajibike Akinkoye for services to be rendered.

On July 29, 2005, we entered into a stock subscription agreement with Miles Investment Group, Inc., a Texas limited liability company controlled by

Jacob R. Miles III, a shareholder and the Company's Chief Executive Officer. The agreement calls for Miles Investment Group, LLC to purchase 69,000,000 restricted common shares for $6,900,000 on an installment basis over a 28 month period with the terms being $100,000 as a down payment and $250,000 per month beginning on September 1, 2005 and the first each month thereafter until the total of $6,800,000 has been paid in full. The Company has deferred payments on the stock subscription agreement until January 31,2 006, in consideration for Miles Investment Group LLC bringing the coal reserves deal to the Company. All the shares are pledged as collateral for the promissory note and will be physically held by the Company. Additionally, Miles Investment Group, LLC will be issued warrants for 30,000,000 shares of restricted common stock that can be exercised for $.01 per share on the following basis: (1) three million shares at any time after the Company's stock bid price on the OTCBB exchange has maintained a $1.50 price for 10 consecutive trading days, (2) seven million shares at any time after the Company's stock bid price on the OTCBB exchange has maintained a $3.00 price for 10 consecutive trading days,(3) ten million shares at any time after the Company's stock bid price on the OTCBB exchange has maintained a $5.00 price for 10 consecutive trading days and (4) ten million shares at any time after the Company's stock bid price on the OTCBB exchange has maintained a $6.00 price for 10 consecutive trading days.

7. Notes Payable and Advances

Notes payable at September 30, 2005 and 2004 consist of:

	2005	2004
Notes payable to stockholders at 6% interest payable on September 30, 2004	$ 657	$ 2,657
Note payable to stockholder at 6% interest payable March 31, 2006 (1)	171,710	171,710
Note payable to stockholder at 6% Interest payable July 31, 2005 (2)	--	228,290
Note payable to stockholder at no Interest, payable $15,000 per month, on 15th of the month, final payment due April 15, 2006 (3)	165,000	--
Advances from shareholders (4)	151,015	--
Advances from a non-related party that the Company expects to convert to a note payable with a term of at least one year	665,000	--
	$1,153,382	$ 402,657

7. Notes Payable and Advances - continued

(1) The holder of the March 2006 note have a UCC-1 lien against the Company's assets. This note originally due on August 31, 2005 was extended by the noteholder to March 31, 2006 in consideration for the Company issuing the noteholder 200,000 shares of common stock, which the Company valued at $20,000 and the conversion ratio from five shares to ten shares of common stock for each dollar of loan amount plus accrued interest through the date of conversion.

(2) The $228,290 note to stockholder due July 31, 2005 was converted into 2,282,900 shares of the Company's common stock by the stockholder.

(3) The holder of the $165,000 note converted $75,000 of the note balance into 750,000 shares of the Company's common stock subsequent to September 30, 2005.

(4) The advances from shareholders are due on demand and do not bear Interest.

8. Income Tax

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes". This standard requires, among other things, recognition of future tax consequences, measured by enacted tax rates attributable to taxable and deductible temporary differences between financial statement and income tax bases of assets and liabilities. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable for the period and the change during the period in the deferred tax asset and liability.

Temporary differences between the financial statement carrying amounts and tax basis of assets and liabilities did not give rise to significant portions of deferred taxes at September 30, 2005 and 2004.

The (provision) benefit for income tax consist of the following:

	2005	2004
Current	$ -0-	$ -0-
Deferred	-0-	-0-
	$ -0-	$ -0-

The Company's utilization of any tax loss carryforward available to it will be significantly limited under Internal Revenue Code Section 382, if not totally, by recent stock issuances and changes in control. The Company has established a 100% valuation allowance until such time as it is decided that any tax loss carryforwards might be available to it. The Company accounts for income taxes pursuant to the Statement of Financial Accounting Standards No.109. The Company has no current or Deferred income tax component. For the year ended September 30, 2005, the valuation allowance increased by approximately $425,000.

Urban Television Network Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2005 and 2004

9. Capital Stock

The Company has authorized 200,000,000 common shares with a par value of $0.0001 per share. Each common share entitles the holder to one vote, in person or proxy, on any matter on which action of the stockholders of the corporation is sought.

The Company began operations by completing the acquisition of Urban Television Network Corporation, a Texas corporation, in two steps; (1) in May of 2002 the Company issued 16,000,000 shares (800,000 after the 1 for 20 reverse)and (2) in February of 2003, the Company entered into an Exchange Agreement with the majority shareholders of Urban Television Network Corporation, a Texas corporation (Urban-Texas) to acquire 90% of the issued and outstanding capital stock of Urban-Texas in return for 13,248,000 shares of the Company's common stock - See footnote 1.

In September 2002, issuing 100,000 (5,000 after the 1 for 20 reverse) shares to Hispanic Television Network, Inc. as part of the mutual settlement agreement between the two companies to cancel the Satellite Transponder Service Agreement and notes payable/receivable.

On November 21, 2002 the Company completed a 1:20 reverse stock split and amending its Articles of Incorporation to increase its authorized common shares to 200,000,000 and adjust its par value to $0.0001 per share.

During the year ended September 30, 2003, the Company issued 7,275,000 shares of its common stock to for consulting, legal and management services which the company valued at $811,250.

During the year ended September 30, 2004, the Company issued 21,308,000 shares of its common stock to for consulting, legal, vendor payments and management services which the company valued at $4,771,450.

During the year ended September 30, 2005, the Company issued 4,150,000 shares of its common stock to for consulting, legal, vendor payments and management services which the company valued at $427,000.

During the period ended September 30, 2003, the Company issued 1,957,300 shares of its common stock to Bridge Loan Lenders who elected to convert $978,650 of bridge loans to common stock at the rate of 2 shares for each dollar of bridge loan converted.

During the period ended September 30, 2004, the Company issued 4,135,441 shares of its common stock to Bridge Loan Lenders who elected to convert $1,852,648 of bridge loans to common stock at an average conversion price of $.447 per share.

During the period ended September 30, 2005, the Company issued 9,276,100 shares of its common stock to Bridge Loan Lenders who elected to convert $936,922 of bridge loans to common stock at an average conversion price of $.101 per share.

In the fiscal years ended September 30, 2004 and 2005 the Company has entered into three stock subscription agreements, of which two have been terminated, with three different minority groups for a majority ownership interest in the

Urban Television Network Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2005 and 2004

9. Capital Stock - continued

Company's common stock. Following is a summary of the stock transactions involved in those agreements, which or more fully described in Note 6 - Related Party Transactions;

Date of Agreement	Name of Group	Number of Shares Issued	Value Assigned To Shares	Note Value	Warrants Issued
10/30/03	Wright Entertainment	18,000,000	$ 9,000,000	$ 6,800,000	
12/13/04	Wright Entertainment	(18,000,000)	$ (9,000,000)	$ (6,800,000)	
12/13/04	World One Media Group	70,000,000	$ 7,000,000	$ 6,750,000	30,000,000
7/26/05	World One Media Group	(67,500,000)	$ (6,750,000)	$ (6,750,000)	(30,000,000)
7/29/05	Miles Investment Group	69,000,000	$ 6,900,000	6,690,000	30,000,000
Net Effect at 9/30/05		71,500,000	$ 7,150,000	$ 6,690,000	30,000,000

Miles Investment Group has the right to exercise the warrants for $0.01 per share if market bid price for the Company's common stock are reached as described in Note 6 - Related Party Transactions.

In February 2005, the Company issued 1,000,000 shares of its common stock to a bridge loan holder who converted a $200,000 bridge loan at the rate of 5 shares for each $1.00 of bridge loan.

In September 2005, the Company issued 200,000 shares of its common stock to the noteholder of the $171,710 note payable discussed in Note 5 as part of the consideration for the noteholder agreeing to extend the note to March 31, 2006.

Non-Qualified Stock Grant and Option Plan

The Company is authorized to issue up to 6,800,000 shares of common stock under its 2003 Non-Qualified Stock Grant and Option Plan (the "Plan") through an S-8 registration, as amended. This Plan is intended to serve as an incentive to and to encourage stock ownership by certain directors, officers, employees of and certain persons rendering service to the Company, so that they may acquire or increase their proprietary interest in the success of the Company, and to encourage them to remain in the Company's service. During the year ended September 30, 2003, the Company had distributed 1,900,000 of the shares through grants. During the year ended September 30, 2004, the Company had distributed 1,586,000 of the shares through grants. During the year ended September 30, 2005, the Company distributed 200,000 of the shares through grants.

10. Preferred Stock

The Articles of Incorporation of the Company authorize issuance of a maximum of 500,000 shares of nonvoting preferred stock with a par value of $1.00 per share. The Articles of Incorporation grant the Board of Directors of the Company authority to determine the designations, preferences, and relative participating, optional or other special rights of any preferred stock issued.

No preferred shares had been issued as of September 30, 2004.

10. Preferred Stock -continued

On September 30, 2005, the Company entered into an agreement with GeoTec Thermal Generators, Inc. to acquire 200,000 tons of coal in exchange for 100,000 shares of preferred Stock, which may be converted into the Company's common stock, at the sole discretion of the GeoTec Thermal Generators, Inc., at any time in an amount equal to the purchase price at the stock bid price of $.10 on September 30, 2005. The 100,000 shares of preferred stock do not have any voting rights or preferences, except for the conversion privilege.

11. Commitments and Contingencies

Satellite Transponder Lease

The Company entered into a Satellite space segment service agreement with Loral Skynet (now Intelsat, Inc.) on November 20, 2002 for 6 MHz of satellite bandwidth on Telstar 5 (now Intelsat 5) for a period of three year ending on November 21, 2005. For the periods ended September 30, 2005 and 2004, the amounts expensed were $216,516 and $216,516, respectively. See Footnote 12 - Subsequent Events for details of an extension agreement entered into with Intelsat, Inc. on December 2, 2005 for a total commitment of $1,071,000 over a five year period beginning on November 22, 2005.

Future lease payments due during the term of the lease ending on November 21, 2005 will equal $36,086 and be due as follows:

Year ended September 30, 2006	$36,086

Signal Uplink Lease

The Company entered into a Full Time Broadcast Agreement with Verestar, Inc. (now Westar Satellite Services, LP) on November 21, 2002 for a full time redundant 6 MHz digital C-band uplink service for a period of three years ending on November 21, 2005. For periods ended September 30, 2005 and 2004 the amounts expensed for Uplink services were $96,000 and $96,000, respectively. See Footnote 12 - Subsequent Events for details of an extension agreement entered into with Westar Satellite Services, LP on

October 15, 2005 for a total commitment of $528,000 over a five year period beginning on November 1, 2005.

Future lease payments due during the term of the lease ending on November 21, 2006 will equal $16,000 and be due as follows:

Year ended September 30, 2006	$16,000

Facilities Space Lease

The Company entered into a lease for office space on March 15, 2002 for a period of three years ending on March 31, 2005, which was terminated in March of 2004. The amount expensed on this lease for year ended September 30, 2004 was $14,000.

The Company entered into a lease for office and uplink space on March 1, 2004 for a period of one year ending on February 28, 2005 and renewed the lease through February 28, 2006 at the rate of $2,447 per month. For years ended September 30, 2005 and 2004, the amount expensed for this office space lease was $28,779 and $16,310.

11. Commitments and Contingencies -continued

The Company entered into a lease for additional space at the its corporate Headquarters facilites on April 1, 2005 for one year ending on March 31, 2006 With an option to renew for five years at 5% increase per year at the initial Rate of $4,130 per month. For the year ended September 30, 2005 the amount expensed for this office space lease was $24,780.

Future lease payments due during the year ended September 30, 2006 will equal $78,924 assuming that the leases are renewed at their current rate plus the 5% annual increase.

Employment Agreements

Mr. Randy Moseley is employed pursuant to a five-year employment agreement that commenced on October 2, 2002. The agreement provides for a base annual salary equal to $200,000 and a possible annual cash bonus as determined by the Board of Directors and/or the Compensation Committee. In October 2003, the employment agreement of Mr. Moseley was extended and amended to allow for the naming of a new President and Chief Executive Officer for the Company. Mr. Moseley accepted the officer position of Executive Vice President and Chief Financial Officer and agreed to defer the payment of his salary for the period from October 2, 2002 to September 30, 2003 with this deferred year being added to the end of the original employment term to make the term of the employment agreement now end on September 30, 2008. During the periods ended September 30, 2005 and 2004, $150,000 and $126,000 of Mr. Moseley's annual compensation was accrued as a payable.

Legal Matters

In June of 2004, the Company was granted a motion for default judgment and entry of permanent injunction against a former independent contractor and his companies. The default judgment is for $1,575,850 and the permanent injunction is against the defendants, their officers, agents, employees, and

all persons acting in concert with them. The defendants were further enjoined from contacting the directors, officers, agents, consultants, servants, and employees of the Company. The Company has made the decision not to record the default judgment as an asset until at such time as it is confident that asset value can be recovered from the defendants.

In August of 2004, the Company settled a lawsuit brought by Three F Productions, Inc. vs. Pacific Family Entertainment LLC, et al. which included the Company as a defendant as the result of the Company airing a program that Pacific Family Entertainment had represented as having the copyright and rights to air. The settlement amount for the Company was $50,000 to be paid at the rate of $5,000 per month beginning September 1, 2004. In June 2005, the Company completed the payment of the $50,000 and received a Stipulation For Dismissal of Action Against Urban Television Network Corporation with Prejudice from Three F Productions.

The Company is party to legal action pending in the United States District Court for the Central District of California, Los Angeles Division. It is styled Walter E. Morgan, Jr. vs. Urban Televison Network Corporation et al. This action is subject to pending motions to dismiss which are predicated upon the following: The claims of the Plaintiff do not appear to have merit in that they should have been brought in a previous case wherein the Company took a judgment against Mr. Morgan in excess of $1,500,000 (as discussed above) in the U.S. District Court for the Northern District of Texas, Fort Worth Division. Mr. Morgan and his related companies appealed the judgment which was dismissed sua sponte by the U.S. Court of Appeals for the Fifth Circuit.

12. Going Concern

The Company has suffered recurring losses from operations and has a deficit in both working capital and stockholders' equity. In order for the Company to sustain operations and execute its television broadcast and programming business plan , capital will need to be raised to support operations as the company executes its business plan. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

The Company may raise additional capital through operating cash flows, the sale of its equity securities, or debt securities. Subsequent to year end the Company has raised additional capital of approximately $39,500 from collections on the stock subscription agreement and $152,400 from shareholder advances.

13. Subsequent Events

In October 2005, a stockholder who had a note balance of $165,000 due from the Company at September 30, 2005, converted $75,000 of the note into 750,000 shares of the Company's common stock.

On October 15, 2005, the Company renewed its agreement with Westar Satellite Services LP for a full time redundant 6 MHz digital C-band uplink service for a period of five years beginning on November 1, 2005 and ending on October 31, 2010 at the rate of $8,800 per month for a total of $528,000 over the contract period.

On December 2, 2005, the Company renewed its agreement with now Intelsat, Inc. for 6 MHz of C-Band satellite bandwidth on IA -5 a period of five years, beginning on November 22, 2005 and ending on November 21, 2010 at the rate of $17,850 per month for a total of $1,071,000 over the contract period.

In December 2005, the Company issued 100,000 shares of restricted common stock for consulting services rendered to the Company, which the Company valued at $10,000.