URBAN TELEVISION NETWORK CORP
Form 10QSB
May 13, 2005

U.S. Securities and Exchange Commission
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

X QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ending March 31, 2005

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______ to ________

Commission file number 33-58972

URBAN TELEVISION NETWORK CORPORATION
(Name of Small Business Issuer in its Charter)

NEVADA	22-2800078
(State of Incorporation)	(IRS Employer Identification No.)

2707 South Cooper, Suite 119, Arlington, TX 76015
(Address of principal executive offices) (Zip Code)

Issuer's telephone number, (817) 303 - 7449

Check whether the issuer (1)filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for 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 ___

Applicable only to issuers involved in bankruptcy proceedings during the preceding five years.

Check whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes ___ No ___

Applicable only to corporate issuers

State the number of shares outstanding of each of the issuer's class of common equity, as of the latest practicable date:

133,753,379 shares of common stock, $0.0001 par value, as of March 31, 2005

Transitional Small Business Disclosure Format
(Check One) Yes ___ No X ___

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URBAN TELEVISION NETWORK CORPORATION
FORM 10-QSB

PART I-FINANCIAL INFORMATION

Item 1. Financial Statements. (Unaudited)

As prescribed by Item 310 of Regulation S-B, the independent auditor has reviewed these unaudited interim financial statements of the registrant for the six months ended March 31, 2005 The financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim period presented. The unaudited financial statements of registrant for the six months ended March 31, 2005, follow.

PART I - FINANCIAL STATEMENTS

URBAN TELEVISION NETWORK CORPORATION

Consolidated Balance Sheet

	March 31, 2005 (Unaudited)	Septem 2 (Aud
Assets		
Currents assets		
Cash and cash equivalents	$ 195,932	$
Accounts receivable	7,760	
Total current assets	203,692	
Furniture, fixtures and equipment, net	111,487	
Other assets		
Network assets, net	78,777	
Deposits	3,600	
Organizational costs	360	
Total other assets	82,737	$
Total assets	$ 397,916	$

Liabilities and stockholders' equity

Current liabilities		
Accounts payable	$ 349,596	$
Advances	265,000	
Due to stockholders	195,000	
Notes payable to stockholder	400,657	
Accrued compensation	231,000	
Accrued interest payable	8,063	
Deferred revenue	17,500	
Total current liabilities	1,466,816	
Stockholders' equity		
Preferred stock, $1 par value, 500,000 shares authorized, none issued	--	
Common stock, $0.0001 par value, 200,000,000 shares authorized; 133,753,379 and 67,135,177 outstanding at March 31, 2005 and September 30, 2004, respectively	13,376	
Additional paid-in capital	23,251,432	23,
Stock subscriptions receivable	(6,600,000)	(8,
Retained earnings (deficit)	(17,733,708)	(15,
Total stockholders' equity	(1,068,900)	(
Total liabilities and stockholders' equity	$ 397,916	$

See notes to financial statements.

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URBAN TELEVISION NETWORK CORPORATION

Consolidated Statement of Operations
For the six months ended March 31, 2005 and 2004

(UNAUDITED)

	Three months ended March 31, 2005	Three months ended March 31, 2004	Six months ended March 31 2005	Six months ended March 31 2004
Revenues	$ 70,117	$ 31,196	$ 170,133	$ 57,
Expenses:				
Satellite and uplink services	80,109	107,891	160,218	186,
Master control and production	64,334	60,653	119,734	169,
Station operating costs	94,909	90,843	184,024	171,

Affiliate Relations	8,400	5,850	15,200	8,
Programming	27,782	19,600	48,782	37,
Technology expenses	38,055	26,871	94,035	55,
Administration	1,034,129	246,339	1,633,528	534,
Depreciation and amortization	22,938	18,718	45,875	35,
Total expenses	1,370,656	576,765	2,301,396	1,199,
Income (loss) from operations	(1,300,539)	(545,569)	(2,131,263)	(1,141,
Other (income) expense				
Interest income	--	232	3	
Interest (expense)	(6,007)	(1,455)	(12,014)	(3,
Net loss	$ (1,306,546)	$ (546,792)	$ (2,143,274)	$ (1,145,
Earnings per share:				
Net (loss)	$ (.01)	$ (0.01)	$ (0.02)	$ (0
Weighted average number of common shares outstanding	101,170,716	43,729,964	101,170,716	37,834,

See notes to financial statements.

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URBAN TELEVISION NETWORK CORPORATION

Consolidated Statement of Cash Flows
For the six months ended March 31, 2005 and 2004
(UNAUDITED)

	Three months ended March 31,		Six months e
	2005	2004	2005
Operating Activities			
Net (loss)	$ (1,306,546)	$ (546,792)	$ (2,143,274)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	22,938	18,718	45,875
Common stock issued for services	578,000	--	872,000
Changes in operating assets and liabilities:			
Accounts receivable	(3,820)	--	7,095
Prepaid expense	(3,600)	--	(3,600)
Accounts payable	(12,037)	(26,000)	14,452
Advances	265,000	--	265,000
Accrued interest expense	1,007	1,455	(1,986)
Accrued compensation	55,000	30,000	81,000
Deferred revenue	(24,750)	--	(49,500)

Net cash provided by operating activities	(428,808)	(522,619)	(912,938)
Investing Activities			
Capital expenditures	(1,666)	(49,089)	(1,666)
Net cash (used in) investing activities	(1,666)	(49,089)	(1,666)
Financing Activities			
Proceeds from common stock sales	--	--	100,000
Proceeds from bridge loans	--	192,038	508,541
Proceeds from notes payable	240,000	231,850	240,000
Payments on notes payable	(45,000)	(263,121)	(47,000)
Collection on subscription receivable	300,000	--	300,000
Net cash provided by financing activities	495,000	160,767	1,101,541
Increase (decrease) in cash	64,526	(410,941)	186,937
Cash at beginning of period	131,406	629,537	8,995
Cash at end of period	$ 195,932	$ 218,596	$ 195,932

Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	$ 5,000	$ --	$ 14,000
Income taxes	$ --	$ --	$ --
Non-cash transactions:			
Common stock issued for services	$ 578,000	$ --	$ 872,000
Common stock issued for assets	$ --	$ --	$ --

See notes to financial statements.

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Urban Television Network Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2005
(UNAUDITED)

1. BASIS OF PRESENTATION:

The unaudited financial statements have been prepared by the Company, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such SEC rules and

regulations; nevertheless, the Company believes that the disclosures are adequate to make the information presented not misleading. These financial statements and the notes hereto should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-KSB for the year ended September 30, 2004, which was filed January 13, 2005. In the opinion of the Company, all adjustments, including normal recurring adjustments necessary to present fairly the financial position of Urban Television Network Corporation as of March 31, 2005 and the results of its Operations and cash flows for the six months then ended, have been included. The results of operations for the interim period are not necessarily indicative of the results for the full year.

ACCOUNTING POLICIES:

There have been no changes in accounting policies used by the Company during the quarter ended March 31, 2005.

2. 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, 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 of 2003, the remaining 10% of Urban-Texas common stock was contributed to 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 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.

Urban Television Network Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2005
(UNAUDITED)

2. Significant Accounting Policies - continued

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.

Accounting Method

The Company records income and expenses on the accrual method.

Revenue Recognition

The Company's sources of revenues includes sale of short-form national and local spot advertising 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 subsidiary. All material intercompany accounts and transactions are eliminated. The Company owns 100% of Urban Television Network Corporation, a Texas corporation, Urban Records, Inc., a Nevada corporation and Waste Conversion Systems Of Virginia, Inc.

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.

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 maintains cash in excess of federally insured limits. The amount in excess at March 31, 2005 was $93,883.

2. Significant Accounting Policies - continued

Advertising Costs

The Company expenses non-direct advertising costs as incurred. The Company did not incur any direct response advertising costs for the six months ended March 31, 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.

Recent Accounting Standards

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". This Statement establishes standards for classifying and measuring as liabilities certain financial instruments that embody obligations of the issuer and have characteristics of both liabilities and equity. SFAS No. 150 is effective at the beginning of the first interim period beginning after June 15, 2003; including all financial instruments created or modified after May 31, 2003. SFAS No. 150 currently has no impact on the Company.

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.

2. Significant Accounting Policies - continued

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 Issed 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.

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.

3. 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 March 31, 2005 and 2004 an allowance for doubtful accounts was not considered necessary.

4. Network Assets - Amortization

Network assets consist of intangibles other than Goodwill. 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 $116,851 and the amortization for the six months ended March 31, 2005 and 2004 was $19,563 and $19,563, respectively.

Future amortization of the Network assets at March 31, 2005 will be $78,777 and on an annual basis be as follows:

Year ended September 30, 2005	$19,562
Year ended September 30, 2006	$39,125
Year ended September 30, 2007	$20,090

5. Property, Plant and Equipment

Furniture, fixtures and equipment, their estimated useful lives, and related accumulated depreciation are summarized as follows:

	Range of Lives in Years	March 31, 2004	September 30, 2004
Master Control, Editing Equipment	3-5	$ 69,415	$ 67,749
Studio and Production Equipment	3-5	60,500	60,500
Production Van	5	45,000	45,000
Affiliated Receiver Equipment	5	18,247	18,247
		193,162	191,496
Less: Accumlated Depreciation		(81,675)	(55,363)
		$ 111,487	$ 136,133

The Company acquired equipment totaling $1,666 and $109,789 during the six months ended March 31, 2005 and 2004, respectively. The 2004 amount included the issuance of 120,000 shares of the Company's common stock valued at $30,000. Total depreciation expense for the six months ended March 31, 2005 and 2004 was $26,312 and $16,197, 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 leased office space from one its shareholders and director for $2,000 per month. The total rental expense for the years ended September 30, 2004 and 2003 was $24,000 and $14,000, respectively.

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 periods ended September 30, 2004 and 2003, the total expense paid out for these services was $430,367 and $345,081, respectively.

The Company uses the services of a company owned by shareholders to provide it with technology services including Internet and affiliate relations. During the six months ended March 31, 2005 and 2004, the total expense paid out for these services was $84,285 and $55,848, 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 and was brought back onto the Company's books as part of the termination of the Wright Entertainment LLC stock subscription agreement.

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.

Urban Television Network Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2005
(UNAUDITED)

6 Related Party Transactions - continued

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, President 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 achieved 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. In December 2004, this subscription agreement was terminated by mutual agreement between the Company and Wright Entertainment LLC as well as the termination of 4,000,000 shares that has been issued to Wright Entertainment and were to be vested to Wright Entertainment upon the full payment of the subscription agreement.

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 warrants) 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.

As part of the definitive agreement, Wright Entertainment LLC which had previously entered into a stock subscription agreement for 14,000,000 shares agreed to the termination and cancellation of that agreement by the Company and further agreed to the termination and cancellation of 4,000,000 shares that had been issued in Wright Entertainment LLC's name and were to be vested when Wright Entertainment LLC completed the payment for its

subscription agreement. 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.

In summary, World One Media Group, Inc.'s acquisition of 70,000,000 Million restricted common shares and the cancellation of 18,000,000 common shares in the name of Wright Entertainment LLC leaves World One Media Group, Inc. owning approximately 52% of the Company's 133,753,379 outstanding shares.

7. Notes Payable and Advances

Notes payable and Advances consist of:

	March 31, 2005	September 30, 2004
Notes payable to stockholders at 6% interest payable on September 30, 2004	$ 657	$ 2,657
Note payable to stockholder at 6% interest payable July 31, 2005	228,290	228,290
Note payable to stockholder at 6% interest payable August 31, 2005	171,710	171,710
Note payable to stockholder at no interest, payable $15,000 per month	195,000	--
Advances from a non-related party that the Company expects to convert to a note payable with a term of at least one year	265,000	--
Total Notes Payable and Advances	$ 660,657	$ 402,657

The holders of the July and August 2005 notes have a UCC-1 lien against the Company's assets.

The $228,290 and $171,710 notes payable are convertible at any time before the maturity date into the Company's common stock at the rate of five shares of common stock for each dollar of loan amount plus accrued interest through the date of conversion.

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 March 31, 2005 and 2004.

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

	March 31, 2005	September 30, 2004
Current	$ 0	$ 0
Deferred	0	0
	$ 0	$ 0

8. Income Tax - continued

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, 2004, the Valuation Allowance increased by approximately $1,100,000.

9. Capital Stock

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.

In September 2002, the Company issued 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 amended its Articles of Incorporation to increase its authorized common shares to 200,000,000 and adjust its par value to $0.0001 per share.

In December 2002, the Company issued 300,000 shares of its common stock for consulting and legal services, which the Company valued at $82,500.

On February 7, 2003, the Company entered into an Exchange Agreement with the majority shareholders of Urban Television Network Corporation, a Texas corporation (Urban-Texas). The Company acquired 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 May 2003, the Company issued 5,075,000 shares of its common stock for consulting Services, which the Company valued at $253,750.

In June 2003, the Company issued 1,900,000 of its common stock for employee compensation, consulting services and legal services, which the Company valued at $475,000 under the Plan.

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.

The accompanying financial statements have been restated to reflect the Reverse of 1 for 20 stock split.

On October 30, 2003, the Company completed a stock subscription agreement with Wright Entertainment, LLC, a Nevada limited liability company. The Company sold 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 achieved by one of the Company's lenders forgiving $198,515 of advances due the lender and $1,485 of accrued on a note payable to the lender. In December 2004, this subscription agreement was terminated by mutual agreement between the Company and Wright Entertainment LLC as well as the termination of 4,000,000 shares that has been issued to Wright Entertainment and were to be vested to Wright Entertainment upon the full payment of the subscription agreement.

9. Capital Stock - continued

In October 2003, the Company issued 100,000 shares of its common stock for services rendered, which the Company valued at $60,000.

In October 2003, the Company issued 100,000 shares of its common stock to management for services, which the Company valued at $25,000.00.

In October 2003, the Company issued 120,000 shares of its common stock as part of the purchase of videoing and production equipment. The shares were valued at $30,000 in the purchase.

In April 2004, the Company issued 8,300,000 shares of its common stock to management, directors and advisory board members for management services, which the Company valued at $2,075,000.

In April 2004, the Company issued 7,167,000 shares of its common stock for legal services, strategic planning services, financial planning services and technology consulting services, which the Company valued at $1,791,750.

In April 2004, the Company issued 15,000 shares of its common stock in lieu payments due on a television station lease agreement, which the Company valued at $19,500.

In July 2004, the Company issued 1,000,000 shares of its common stock to directors, which the Company valued at $100,000.

In August 2004, the Company issued 2,900,000 shares of its common stock to employees, directors and advisory board members for management services, which the Company valued at $290,000.

In August 2004, the Company issued 100,000 shares of its common stock in lieu Payments due on a television station lease agreement, which the Company valued at $9,000.

In September 2004, the Company issued 1,506,000 shares of its common stock for services rendered, which the Company valued at $301,200.

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 six months ended March 31, 2005, the Company issued 6,158,202 shares of its common stock to Bridge Loan Lenders who elected to convert $708,550 of bridge loans to common stock at an average conversion price of $.115 per share.

In October 2004, the Company issued 600,000 shares of its common stock to Directors, which the Company valued at $60,000.

In October 2004, the Company issued 100,000 shares of its common stock in Lieu of payments due on a television station lease agreement, which the Company valued at $18,000.

In October 2004, the Company issued 500,000 share of its common stock for for services rendered, which the Company valued at $50,000.

In December 2004, the Company issued 1,000,000 shares of its common stock to Wright Entertainment, LLC as part of the Definitive Agreement discussed in Footnote 6, which the Company valued at $200,000.

Urban Television Network Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2005
(UNAUDITED)

9. Capital Stock - continued

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.

As part of the definitive agreement, Wright Entertainment LLC which had previously entered into a stock subscription agreement for 14,000,000 shares agreed to the termination and cancellation of that agreement by the Company and further agreed to the termination and cancellation of 4,000,000 shares that had been issued in Wright Entertainment LLC's name and were to be vested when Wright Entertainment LLC completed the payment for its subscription agreement. 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.

In January 2005, the Company issued 5,000,000 shares of its common stock for management services to an officer and director, which the Company valued at $500,000.

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 March 2005, the Company issued 200,000 shares of its common stock in lieu of payments due on a television station lease agreement, which the Company valued at $24,000.

In March 2005, the Company issued 200,000 shares of its common stock for marketing and sales services to be provided by an outside consulting firm.

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 period ended September 30, 2003, the Company

distributed 1,900,000 of the shares through grants. During the period ended September 30, 2004, the Company distributed 1,606,000 of the shares through grants. During the six month period ended March 31, 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 March 31, 2005.

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 for a period of three year ending on November 21, 2005. For the six months ended March 31, 2005 and 2004, the amount expensed were $108,258 and $108,258, respectively.

Future lease payments due during the term of the lease ending on November 21, 2005 will equal $144,344 and be due as follows:

Year ended September 30, 2004	$108,258
Year ended September 30, 2006	$ 36,086

Signal Uplink Lease

The Company entered into a Full Time Broadcast Agreement with Verestar, Inc. 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 the six months ended March 31, 2005 and 2004, the amount expensed for Uplink services were $48,000, respectively.

Future lease payments due during the term of the lease ending on November 21, 2005 will equal $64,000 and be due as follows:

Year ended September 30, 2005	$48,000
Year ended September 30, 2006	$16,000

Station Lease

The Company entered into a station programming agreement for Channel 19 in

Oklahoma City beginning October 1, 2003 for a period of five years. For the six months ended March 31, 2005 and 2004, the amounts expensed were $42,000 and $15,000, respectively.

Future lease payments due during the term of the lease ending September 30, 2008 will equal $295,200 and be due as follows:

Year ended September 30, 2005	$36,000
Year ended September 30, 2006	$79,200
Year ended September 30, 2007	$86,400
Year ended September 30, 2008	$93,600

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. 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 a the rate of $2,330 per month. The lease was renewed through February 28, 2006 at the rate of $2,363 per month. For the six months ended March 31, 2005 and 2004, the amount expensed for office space lease was $13,980 and $16,546, respectively.

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 Randy Moseley was amended to allow for the naming of a new President and Chief Executive Officer for the Company. Mr. Moseley

11. Commitments and Contingencies - continued

accepted the Officer Position of Executive Vice President and Chief Financial Officer and agreed to defer the payment of salary for the period from October 2, 2002 to September 30, 2003 with this deferred year being added to the end of the original term to make the term of the contract end on September 30, 2008. During the six months ended March 31, 2004, $56,000 of Mr. Moseley's compensation was accrued as a payable. At March 31, 2005 and September 30, 2004, a total of $206,000 and $150,000 of Mr. Moseley's annual compensation was accrued as a payable.

Mr. Stanley Woods is employed pursuant to a three-year employment Agreement that commenced on October 2, 2002. The agreement provides for a base annual salary equal to $50,000 and a possible annual cash bonus as determined by the Board of Directors and/or the Compensation Committee. Mr. Woods was issued 200,000 shares of common stock in 2003 in lieu of his annual salary for the period ended September 30, 2003.

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. At March 31, 2005, the Company owed $15,000 on the settlement amount.

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 $508,541 from bridge loans, that were subsequently converted to common stock, $265,000 in other advances to the Company and $400,000 from World One towards the payment on its stock subscription agreement.

Item 2. Management's Discussion and Analysis or Plan of Operation.

This Form 10-QSB contains statements that constitute "forward-looking statements." These forward-looking statements can be identified by the use of predictive, future-tense or forward-looking terminology, such as "believes," "anticipates," "expects," "estimates," "plans," "may," "will," or similar terms. These statements appear in a number of places in this report and include statements regarding the intent, belief or current expectations of the Company, its directors or its officers with respect to, among other things: (i) trends affecting the Company's financial condition or results of operations for its limited history; (ii) the Company's business and growth strategies; (iii) the Internet and Internet commerce; and, (iv) the Company's financing plans. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those projected in the forward- looking statements as a result of various factors. Factors that could adversely affect actual results and performance include,

among others, the Company's limited operating history, dependence on key management, financing requirements, government regulation, technological change and competition. Consequently, all of the forward-looking statements made in this Form 10-QSB are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations. The Company assumes no obligations to update any such forward-looking statements.

Readers are urged to carefully review and consider the various disclosures made by us in this Quarterly Report on Form 10-QSB and our Form 10-KSB for the period ended September 30, 2004 and our other filings with the U.S. Securities and Exchange Commission. These reports and filings attempt to advise interested parties of the risks and factors that may affect our business, financial condition and results of operations and prospects. The forward-looking statements made in this Form 10-QSB speak only as of the date hereof and we disclaim any obligation to provide updates, revisions or amendments to any forward-looking statements to reflect changes in our expectations or future events.

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 office of the corporation is 2707 South Cooper, 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. The remaining 10% was contributed to the Company in June of 2003.

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 2002 and February 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.

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. In December 2004, this subscription agreement was terminated by mutual agreement between the Company and Wright Entertainment LLC as well as the termination of 4,000,000 shares that has been issued to Wright Entertainment and were to be vested to Wright Entertainment upon the full payment of the subscription agreement.

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 warrants) 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.

As part of the definitive agreement, Wright Entertainment LLC which had previously entered into a stock subscription agreement for 14,000,000 shares agreed to the termination and cancellation of that agreement by the Company and further agreed to the termination and cancellation of 4,000,000 shares that had been issued in Wright Entertainment LLC's name and were to be vested when Wright Entertainment LLC completed the payment for its subscription agreement. 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.

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 population across the United States. The network presently includes approximately 72 broadcast television station affiliates in various parts of the country.

We are targeting the minority markets, primarily the African American and 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 for a year On February 1, 2005.

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 local advertising sales, for company operated stations, securing network advertising at the best available rate, uplinking 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 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 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 that the television stations we manage on a local basis are able to charge as well as the overall demand for African-American and Hispanic television advertising time. Advertising rates in general are determined primarily by:

- the markets covered by broadcast television affiliates,
- the number of competing African-American television stations in the same market as our affiliate stations,
- the television audience share 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. Locally managed stations will also have account executives that will solicit local and national advertising directly from advertisers and from advertising agencies in the local markets.

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 resources to subscribe to the Nielsen service and this hinders our ability to attract the larger advertising clients. 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.

- 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.

- 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. 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 contracting master control and centralizing network programming, finance, human resources and management information system functions. Depreciation of fixed assets and amortization of costs associated with the acquisition of additional stations are also significant elements in determining our total expense level.

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 lease 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 come from the sale of national advertising spots and program time slots and from advertising spots and program time slots on managed local television stations.

Network Advertising. All operated stations as well as affiliates have a percentage of available commercial time dedicated for "network" sales. The commercials sold on the network are broadcast simultaneously and aired in the affiliate markets that are at that time airing the network's programming.

National Spot Advertising. National advertisers have the opportunity to buy "spot" advertising in specific markets. For example, an advertising agency in New York would could use spot advertising to purchase commercials in Dallas or Oklahoma City.

Currently the Company generates its Network and National spot advertising sales. 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 market. The sales of our local spot advertising would them be generated by these local sales staff personnel placed at each of our television stations.

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 for the three month and six month periods ended March 31, 2005 and 2004.

REVENUES. Revenues are primarily derived from sales of advertising and programming time. Revenues for the three months and six months ended March 31, 2005 were $70,117 and $170,133 compared to $31,196 and $57,167 for the three months and six month periods ended March 31, 2004. The increase in revenues of $38,921 and $112,966 for the three and six months periods ended March 31, 2005 is primarily attributable to increased revenues from sales of program time and advertising spots. The Company is still in the process of implementing its revenue generation plan that includes local advertising sales, for company operated stations, securing network advertising at the best available rate, uplinking other parties signals to the satellite, plus implementing a technology plan to assist its affiliates with sale of their local advertising time.

The operations are still in the growth stages and the Company is dependent upon working capital derived from management, significant shareholders and private investors to provide sufficient working capital. There is no assurance, however, that the Company will be able to generate the necessary working capital needs from these sources.

OPERATING RESULTS. For the three months ended March 31, 2005 and 2004 the Company had operating cost of $313,589 and $311,708, respectively. For the six months ended March 31, 2005 and 2004, the Company had operating cost of $621,993 and $628,661, respectively. The major components of cost of operations for the three month and six month periods ended March 31, 2005 and 2004 were as follows:

	Three months ended		Six months ended	
	2005	2004	2005	2004
Satellite and uplink services	$ 80,109	$107,891	$160,218	$186,020
Master control and production	64,334	60,653	119,734	169,306

Affiliate relations	8,400	5,850	15,200	8,550
Programming cost	27,782	19,600	48,782	37,800
Operations of stations	94,909	90,843	184,024	171,137
Technology expenses	38,055	26,871	94,035	55,848
Total	$313,589	$311,708	$621,993	$628,661

The cost of satellite and uplink services decreased by $27,782 in the three months ended March 31, 2005 as compared to 2004 primarily as the result of the Company reducing its facilities costs by moving its master control facilities from the Verestar uplink facilities to its own facilities in Arlington, Texas in April of 2004.

The cost of satellite and uplink services decreased by $25,802 in the six months ended March 31, 2005 as compared to 2004 primarily as the result of the Company reducing its facilities costs by moving its master control facilities from the Verestar uplink facilities to its own facilities in Arlington, Texas in April of 2004.

The cost of master control and production decreased by $49,572 for the six months ended March 31, 2005 as compared to 2004 primarily as the result reduction in in expenses by moving its master control facilities from the Verestar uplink facilities to its own facilities in Arlington, Texas in April of 2004 and moving from a tape based system to a digital system.

Affiliate relations costs increased for the six months ended March 31, 2005 as compared to 2004 primarily as the result of adding additional personnel to manage the networks television affiliates.

Programming costs increased for the six months ended March 31, 2005 as compared to 2004 primarily as the result of adding additional personnel to work with program suppliers and develop original programming for the Company.

The costs of operations for stations increased by $12,887 for six months ended March 31, 2004 as compared to 2003 primarily as the result of the increased monthly lease costs of the Oklahoma City station.

The technology expenses increased by $11,184 for the three months ended March 31, 2004 as compared to 2003 due primarily to $18,000 of technology consulting expenses being expensed to technology development rather than master control.

The technology expenses increased by $38,187 for the six months ended March 31, 2004 as compared to 2003 due primarily to $34,750 of technology consulting expenses being expensed to technology development rather than master control.

Administration expenses of $1,034,129 for the three months ended March 31, 2005 increased by $787,790 or 320% over the administrative expenses of $246,339 for the three months ended March 31, 2004.

Administration expenses of $1,633,528 for the six months ended March 31, 2005 increased by $1,098,816 or 205% over the administrative expenses of $534,712 for the six months ended March 2004.

Following is a comparative of the major expense categories for the three month and six month periods ending March 31, 2005 and 2004.

	Three months ended		Six months ended	
	2005	2004	2005	2004
Administration cost	$ 90,500	$ 55,000	$ 142,500	$ 83,000
Stock based compensation	520,000	--	696,000	50,000
Consulting	5,000	21,895	28,189	55,897
Las Vegas office	287,500	30,700	473,129	46,200
Commissions	8,066	2,600	12,229	5,794
Travel, conventions	8,399	38,419	22,493	82,540
Legal fees	49,784	22,000	125,534	54,500
Accounting fees	2,000	2,301	10,000	12,301
Public relations costs	2,460	500	2,460	10,230
Transfer Agent, permit fees	9,245	5,784	16,143	17,849
Rent and utilities expense	10,387	13,330	20,844	23,876
Internet costs	2,447	6,371	7,359	13,051
Supplies - digital operations	14,713	20,269	21,224	28,809
Supplies	2,745	4,512	3,793	8,002
Telephone	7,664	6,610	32,339	13,575
Postage and shipping	2,803	1,679	4,105	4,671
Marketing,printing,promotions	4,131	5,348	4,931	18,341
Other	6,285	9,021	10,256	6,076
TOTAL	$1,034,129	$ 246,339	$1,633,528	$ 534,712

The increase in administrative costs is due to the Company adding additional management in the current fiscal year.

Stock based compensation increased for the three and six months periods ended March 31, 2005 as compared to the same periods for 2004 primarily due to shares being issued to new management ($500,000), board members ($110,000), consultants ($86,000) and to $140,000 to Wright Entertainment LLC for resigning from management and terminating its stock subscription agreement.

The decreases in consulting fees is due the Company replacing consultants with additional management personnel.

The increases in expenses associated with the Las Vegas office 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 $287,500 for the three months ended March 31, 2005 and $447,500 for the six months ended March 31, 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.

The increases in commissions is attributed to the Company increasing its sales for the three and six month periods ending March 31, 2205 as compared to the same periods ending in 2004.

The decreases in travel and conventions is related to the Company's reduced travel related cost associated with the minority ownership no longer being located in Las Vegas, Nevada.

The increases in legal expenses is due legal fees associated with the pursuit of

sources of capital for the Company and with the continued legal requirements regarding permanent injunction obtained by the Company against Walter E. Morgan, Jr.

The decrease in public relations for the six months ended March 31, 2005 as compared to the six months ended March 31, 2004 is due to the $7,250 cost associated with a media event held in Las Vegas in November of 2004 announcing the new minority ownership position of Wright Entertainment LLC.

Internet cost decreased during the three and six month periods ended March 31, 2005 is due to the Company securing its own high speed Internet line at the corporate offices, rather than contracting with an outsider provider.

The decrease in supplies - digital operations during the three and six month periods ended March 31, 2005 due to the Company's beginning in 2004 its conversion from a tape digital based operations for its program insertions.

The increase in telephone related costs for the six months ended March 31, 2005 as compared to the six months ended March 31, 2004 is due to the Company incurring a one time cost of $14,500 related to the installation of video fiber from the Arlington master control facilities to the Verestar uplink facilities in De Soto, Texas and the monthly cost of the video fiber service.

The decrease marketing, printing and promotions for the six months ended March 31, 2005 as compared to the six months ended March 31, 2004 is due to the Company developing marketing brochures and sponsoring events to promote the network in 2004 that the Company has not incurred to date in 2005.

Operating Results:

The Company had operating losses for the three months ended March 31, 2005 and 2004 of $1,300,539 and $545,569, respectively. The increase of $754,970 from 2005 to 2004 is due primarily to the $787,790 increase in administrative expenses as detailed above and as can be observed is primarily related to the $520,000 increase in stock based compensation and to the $256,800 increase in Las Vegas office expenses resulting from the agreement with Lonnie G. Wright to resign from the Company and the termination of the Wright Entertainment LLC stock purchase agreement.

The Company had operating losses for the six months ended March 31, 2005 and 2004 of $2,131,263 and $1,141,966, respectively. The increase of $989,297 from 2005 to 2004 is due primarily to the $1,098,816 increase in administrative expenses as detailed above and as can be observed is primarily related to the $646,000 increase in stock based compensation and to the $426,929 increase in Las Vegas office expenses resulting from the agreement with Lonnie G. Wright to resign from the Company and the termination of the Wright Entertainment LLC stock purchase agreement.

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 $0.01 and $0.01 for the three months March 31, 2005 and 2004, respectively. The basic and diluted net loss per share of common stock was $0.02 and $0.03 for the six months March 31, 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 $17,733,708 from the inception of the Company through March 31, 2005.

Current liabilities at March 31, 2005 were $1,466,816 which exceeded current assets of $203,692 by $1,263,124. The Company's cash position at March 31, 2005 was $195,932, a increase of $186,937 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. 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 is 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 and capital lease financings. 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, acquisition of new stations, performing digital upgrades of acquired stations, funding key programming acquisitions, performing station capital upgrades, 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 $1,306,546 and $546,792 for the three months ended March 31, 2005 and 2004, respectively and $ 2,143,274 and $1,145,071 for the six months ended March, 31 2005 and 2004, respectively. 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 African American format. 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 2005. 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.

RISK FACTORS

We are subject to a high degree of risk as we are considered to be in unsound financial condition. The following risks, if any one or more occurs, could materially harm our business, financial condition or future results of operations, and the trading price of our common stock could decline. These risks factors include, but are not limited to, our limited operating history, history of operating losses, the inability to obtain for additional capital, the failure to successfully expand our operations, the competition in the television industry from competitors with substantially greater resources, the legal and regulatory requirements and uncertainties related to our industry, the inability to enter into strategic partnerships with major advertisers, the loss of key personnel, adverse economic conditions, the control of our common stock by our management, the classification of our common stock as "penny stock," the absence of any right to dividends, the costs associated with the issuance of and the rights granted to additional securities, the unpredictability of the trading of our common stock.

For a more detailed discussion as to the risks related to Urban Television Network Corporation, our industry and our common stock, please see the section entitled, "Management's Discussion and Analysis or Plan of Operation - Risk Factors," in our Annual Report on Form 10-KSB, as filed with the Securities and Exchange Commission on January 13, 2005.

Financing activities for the six months ended March 31, 2005 include:

1) Issuance of common stock in lieu of cash payments totaling $836,000 for management and consulting services.

2) Bridge loan subscriptions of $508,541 for convertible bridge loans with interest at the rate of six percent (6%) per annum with a consortium of private investors. The bridge loan lenders have the option to convert their loans into common stock of the Company. During the six months ended March 31, 2005, bridge loan lenders of $708,550 elected to convert their bridge loan to 6,158,202 shares of common stock, which averaged of $.11 per shares.

3) The Company received $400,000 cash as payments on the World One Media Group, Inc. subscription agreement as discussed in Footnote 9 to the Financial Statements and in Item 2 of this Quarterly Report

4) The Company received $265,000 cash as advances from a non-related party that the Company expects to convert to a note payable with a term of at least one year

In addition, common stock may also be issued for conversion or settlement of debt and/or payables for equity, future obligations which may be satisfied by the issuance of common shares, and other transactions and agreements which may in the future result in the issuance of additional common shares.The common shares that the Company may issue in the future could significantly increase the number of shares outstanding and could be extremely dilutive.

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-term 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, 2004 audited financial statements.

Other Events

None

Item 3. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures.

Within the 90 days prior to the date of this Quarterly Report for the quarter ended March 31, 2005, we carried out an evaluation, under the supervision and with the participation of our management, including the Company's Chairman and Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-4 of the Securities Exchange Act of 1934 (the "Exchange Act"), which disclosure controls and procedures are designed to insure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within required time periods specified by the SEC's rules and forms.

Limitations on the Effectiveness of Controls

Our management does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, but not absolute, assurance that the objectives of a control system are met. Further, any control system reflects limitations on resources, and the benefits of a control system must be considered relative to its costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of a control. The design of a control system is also based upon certain assumptions about the likelihood of future events, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Although unlikely, due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

Conclusions

Based on this evaluation, our chief executive officer and our president

concluded that, subject to the limitations noted above and as of the evaluation date, our disclosure controls and procedures are effective to ensure that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported in such reports within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) Changes in Internal Control.

Subsequent to the date of such evaluation as described in subparagraph (a) above, there were no significant changes in our internal controls or other factors that could significantly affect these controls, including any corrective action with regard to significant deficiencies and material weaknesses.

PART II-OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is a party to various legal actions and claims arising in the ordinary course of its business. In the Company's opinion, the Company has adequate legal defenses for each of the actions and claims, and believes that their ultimate disposition will not have a material adverse effect on the Company's consolidated financial position, results of operations and liquidity.

Item 2. Changes in Securities

Recent Sales of Unregistered Securities

During the quarter ending March 31, 2005, the Company offered and sold the following securities pursuant to securities transaction exemption from the registration requirements of the Securities Act of 1933, as amended.

In January 2005, the Company issued 5,000,000 shares of its common stock for management services to an officer and director, which the Company valued at $500,000.

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 March 2005, the Company issued 200,000 shares of its common stock in lieu of payments due on a television station lease agreement, which the Company valued at $24,000.

In March 2005, the Company issued 200,000 shares of its common stock for marketing and sales services to be provided by an outside consulting firm, which the Company valued at $20,000.

These securities that have been and will be issued above were issued in a private transaction pursuant to Section 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 3. Defaults Upon Senior Securities.

None

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

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

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Exhibit No.	Description and Method of Filing
10.01*	Amended Subscription Agreement with Wright Entertainment, LLC.
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 1350 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 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed with previous filing

(b) Reports on Form 8-K.

On February 28, 2005, the Company filed an 8K Report dealing with Item 5, titled "Departure of Directors or Principal Officers; Election of Directors".

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: May 13, 2005

Urban Television Network Corporation

By: /s/ Ajibike O. Akinkoye	By: /s/ Randy Moseley
Ajibike O. Akinkoye	Randy Moseley
Title: Chief Executive Officer	Title: Executive Vice President/CFO