

DCD Media plc

("DCD" or the "Group")

Unaudited Interim Results For The Six Months Ended 30 June 2011

DCD Media plc, the independent TV production and distribution group, is pleased to report unaudited interim results for the six months ended 30 June 2011.

Financial Highlights

- Revenue: £13.7m (2010: £14.9m)
- Gross profit: £4.1m (2010: £4.4m)
- Adjusted EBITDA: £0.46m (2010: £1.2m)
- Adjusted Profit Before Tax: £0.43m (2010: £0.84m)
- (Loss)/ Profit After Tax after non cash charges £(1.52)m (2010: £0.35m)
- Adjusted Basic Earnings Per Share: 0.93p (2010: 1.54p)
- Long term liabilities £3.7m (2010: £5.7m)

Refer to table within the Financial Review section of the CEO's Statement below for a reconciliation of adjustments.

Subscription and new Convertible Loan

- On 1 September 2011, the Group announced that it proposed to raise up to £1 million (before expenses) by way of a subscription at a price of 1 pence per Ordinary Share. The subscription is conditional, inter alia, upon DCD Media Plc obtaining approval from its shareholders to grant the Board authority to allot the new Ordinary Shares their admission to AIM.
- The Group also announced on 1 September 2011, that it had agreed the terms of a new tranche of Convertible Loan Notes ("Loan Notes") from one of its existing shareholders amounting to approximately £0.98 million. The terms of the new tranche of Loan Notes have been amended by reducing the conversion price to 1p. The new tranche of Loan Notes will earn interest at 8 per cent. per annum, which will be rolled up and payable in cash or Ordinary Shares at the DCD Media plc's option. The terms of the existing Loan Notes remain as before, converting at 18 pence, and will earn interest at 8 per cent. per annum, which will be rolled up and payable in cash or Ordinary Shares at the DCD Media plc's option.

Operations change

The Group today announces that its Done and Dusted subsidiary management team intends to leave the company on 31 December 2011. The Group will continue to make efforts to mitigate the loss of this revenue and its associated contribution to the Group, which amounted to approximately £2.9m in the six months ended 30 June 2011 and approximately £15.9m in the 18 month period ended 31 December 2010. The Done and Dusted team will remain the Group until 31 December 2011 to ensure an orderly transition. In anticipation of the departure of the Done and Dusted team, the Group will take a non-cash charge of £1.5m

to its Profit and Loss to account for reduction in goodwill relating to the Done and Dusted subsidiary at the period ended 31 December 2011. This follows a write down in goodwill of £1.5m in the period ended 31 December 2010. The resultant carrying value of goodwill for the operating unit will therefore be nil.

Business highlights

- Factual division expands into topical programming with the launch of new unit specializing in current affairs and fast turnaround programmes, and delivers top rated Channel 4 documentary from the outset
- Cardiff based company Prospect Cymru/Wales wins further commissions including major drama **Shirley** about the life of Dame Shirley Bassey, to be the centre piece of BBC Two's Mixed Race season
- Scottish JV Matchlight continues to grow with raft of factual commissions including series or individual films for BBC One, BBC Two, BBC Three, BBC Four, Channel 4 and Channel 5
- September Films delivers Saturday night ITV1 primetime series **Penn & Teller: Fool Us** presented by Jonathan Ross and delivers 8th Season of US hit reality wedding show **Bridezillas**, now totaling 150 hours sold internationally by DCD Rights.
- DCD Rights continues to grow its catalogue with new talent led shows and investment in prestigious drama series. The Company is exploring ways to maximise the potential of its existing library and other revenue potential through discussions with selected partners.
- DCD Publishing signed large number of new representation deals including **Donny Osmond** in the UK while top pre school brand **Suzy's Zoo** enjoys momentum with several licensing deals secured at the Las Vegas International Licensing Expo

David Green, Chief Executive Officer of DCD Media, commented,

"Despite the announcement of the intended departure of my colleagues from the Done and Dusted team, and the resulting impact that this decline in turnover will cause, the focus on our core area of content production and improved margins will help to mitigate the impact on level of gross profit during 2012 while the Group continues to build the international dimension of its content business. Senior debt continues to be paid down, and the group working capital has been significantly strengthened by the recent issue of a new tranche of convertible loan notes. The anticipated subscription of new ordinary shares, due to take place at the end of September, will mark another step towards re-building the core business and streamlining of administration functions."

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Chief Executive's Statement

This announcement presents the unaudited results for the Group for the six months ended 30 June 2011. Whilst the challenges presented by the decline in domestic programme commissioning have not relented, we are pleased with the Group's resilience during a turbulent period. The intended departure of my colleagues from the Done and Dusted team will cause a significant revenue reduction in the music and event category. However, the focus on our core area of factual content production and improved margins will help to mitigate the impact on level of gross profit during 2012. Since the Done and Dusted productions did not add to the Group's library of content, the underlying strategy remains the same, to create and distribute content, across a diversified portfolio. The Group continues to build the international dimension of its content business.

As the factual genre continues to dominate television on both sides of the Atlantic, the Group will continue to play upon its strengths to focus the Group's already formidable presence in the factual genre.

We have continued to build the Distribution division, through the exploitation of ancillary rights and third party distribution and that process continues, while all efforts are made to exploit the existing assets and accelerate revenue.

With the acknowledged toughness in the market, and the new challenges presented above, the intention of the Group to strengthen the Board is now of paramount importance. Further announcements in this regard are expected to be made following the upcoming General Meeting.

Financial Review

The Board announced earlier in the year that it had identified a requirement for further short-term working capital in the order of £1 million. The discussions with the Group's larger shareholders, from whom it received strong indications of support, resulted in the announcement on 1 September 2011 regarding agreement of the terms of a new tranche of Loan Notes from one of its existing shareholders amounting to approximately £0.98 million. The terms of the new tranche of Loan Notes have been amended by reducing the conversion price to 1p. The new tranche of Convertible Loan Notes will earn interest at 8 per cent. per annum, which will be rolled up and payable in cash or Ordinary Shares at the Group's option. The terms of the existing Convertible Loan Notes remain as before, converting at 18 pence, and will earn interest at 8 per cent. per annum, which will be rolled up and payable in cash or Ordinary Shares at the Group's option.

Further to the above discussions the Group also announced on 1 September 2011, that it proposed to raise up to £1 million (before expenses) by way of a subscription at a price of 1 pence per Ordinary Share. The Subscription is conditional, inter alia, upon DCD Media Plc obtaining approval from its shareholders to grant the Board authority to allot the new Ordinary Shares and admission to the market.

The above process has helped enable the Group to maintain its regular discussions with its principal banker to maintain and extend its current facilities. The Group overdraft at 30 June 2011 was £0.75m (2010: £0.5m). Through the recent negotiations with (senior shareholders, and) its principal bankers, the directors, after making enquiries, have a reasonable expectation that the Group will be able to agree new facilities. Therefore, the success of the proposed subscription will also serve to mitigate liquidity risk, particularly in the light of the announcement regarding Done and Dusted.

Profit and Loss review

Revenues for the six months to 30 June 2011 were £13.7m (2010: £14.8m) down by £1.2m on the prior comparable period, with Gross Profit slipping by £0.3m to £4.1m. This drop represents the acknowledged difficulties within the domestic UK market and continued price pressure.

Adjusted profit before tax was £0.4m, resulting in earnings per share for the period of 0.93p (adjusted). Due to the non-cash charge against intangibles, described in the balance sheet section below, of £2m, the Group's statutory loss after tax was £1.5m (2010: profit £0.4m)

When compared like for like, the overall trading compared with 30 June 2010 has shown a resilient performance, in spite of the challenges described in the introduction. The significant savings made within the company property costs and back office areas, arose following the Group's move out of its central London office in April 2011. Headcount reductions since the beginning of the reported period will reflect more fully in the second half of the year. Expense reductions relating to streamlining of the business have not yet been able to demonstrably flow into the results. Due to the lengthy and delayed ongoing refinance discussions the associated expenses have placed a considerable burden on resources, which it is hoped can be limited after the conclusion of the upcoming General Meeting.

The Group has continually evolved to adapt to the changes, some of which have been difficult to control, as demonstrated by the Done and Dusted announcement. The factual brands of West Park Pictures and Prospect Pictures, now all under one roof as streamlined DCD Factual, continue to deliver in one of the toughest ever markets for domestic television production.

September Films USA continued to perform strongly in the period reflecting its consistent success within the US market. The Group has also benefited in the reported period from stability within the music and events market. A tough first six months in the distribution market delayed the momentum of the intellectual property side of the business comprising of DCD Rights and DCD Publishing. Since then DCD Rights has taken forward its portfolio and is looking to build in the second half of the year.

The measure used by the Group to indicate operating performance aims to reflect normalised trading before exceptional, restructuring items and non cash impairment charges, but after net finance costs.

A reconciliation of the Group's Adjusted Profit Before Tax (PBT) and Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) is shown below:

	6 months to 30 June 2011	6 months to 30 June 2010
	£m	£m
(Loss)/profit after tax for the period	(1.52)	0.35
Add: Amortisation of Trade Names, programme rights and goodwill	1.95	0.49
Add: Depreciation	0.02	0.03
Add: Net interest costs	0.15	0.30
Add: Tax	(0.14)	0.03
EBITDA	0.46	1.20
Add: Restructuring costs	-	-
Adjusted EBITDA	0.46	1.20
Less: Net interest costs	(0.15)	(0.30)
Less: Depreciation	(0.02)	(0.03)
Less: Tax	0.14	(0.03)
Adjusted PBT	0.43	0.84

The Group's management believes the most appropriate measure of performance after taking account of the non-cash and non-trading charges shown above is the Adjusted PBT of £0.43m (2010: £0.84m).

Balance Sheet review

Intangible assets as at 30 June 2011 stood at £13.4m (2010: £27.5m). The reasons for this movement were explained in the results for the eighteen months to 31 December 2010, namely, the non cash write-down of intangible assets. The movement within the six month period of reporting to 30 June 2011 regarding intangible assets, reflects the ongoing amortisation of trade names of £0.5m (2010: £0.5m) and the associated accelerated amortisation of goodwill following the announcement regarding the Done and Dusted subsidiary.

The total convertible loan debt at 30 June 2011 stood at £3.2m (2010: £3.0m), including rolled up interest, whilst bank debt, provided by Coutts & Co. was £1.5m at the period end, a reduction of £1m since June 2010, of which £1m is recorded within current liabilities. The Group aims to continue to reduce its bank debt over the balance of 2011/2012.

Following the announcement on 1 September 2011 of a new convertible loan of £0.98m total long term liabilities as at the date of publication of these interim results stands at £5.55m, made up of principal bank debt £1.25m and convertible loan debt £4.3m, compared with a total of £5.7m at 30 June 2010.

Trade and other receivables movement since the prior period reflect the reduced turnover versus the comparable period with receivables at 30 June 2011 standing at £6.4m (2010: £9.3m). A similar movement is reflected within trade and other creditors which at 30 June 2011 stood at £8.4m (2010: £10.8m).

Cash on hand at the period end stood at £4.3m (2010: £5.4m). A substantial part of the company cash balances represent the company's working capital commitment in relation to its programme making and is not considered to be free cash.

The amounts owing to Taxation and Social Security stood at £1.1m (2010: £0.5m). Of this outstanding balance £0.3m has been paid post period end. Further payments have been agreed with the respective tax departments to bring the payments balance back into line.

There is no UK tax charge as a result of losses available for offset. No deferred tax asset has been recognised in relation to these losses.

No interim dividend is proposed for the period. Adjusted earnings per share are disclosed in the notes below.

Outlook

Every effort is being made to grow DCD's footprint overseas in each of our continuing divisions, and despite setbacks, in what is already a challenging domestic trading environment, as an independent business, with distinctive production genres and a vertically integrated distribution engine, DCD remains able to deliver value, with a greater focus on its core areas of expertise.

David Green
Chief Executive Officer

Chief Executive's Review of Divisions

Review of activity within the Group during the six month period.

Production

- o *Factual Television Production* - This division is involved in the production of factual based television content from the Prospect, Prospect Cymru, and West Park brands. The results of joint venture Matchlight Ltd, are also contained in this division.
- o *Entertainment Television Production* – This division is involved in the production of entertainment based television content. This includes productions by September Films.
- o *Event Management* – This division organises and manages events, primarily music concerts through Done & Dusted.

Distribution

- o *Rights and Licensing* – This division is involved with the sale of distribution rights, DVDs, music and publishing deals through DCD Rights and DCD Publishing, (which comprises Digital Classics DVD and DCD Music)

Factual Division

During the prior period, the Group reshaped the structure of its factual production wing. A restructure process was completed in the early part of the period, re-organizing the factual production entities within the group and the related strategic investment priorities. West Park's slate of programmes was transferred to the centralized management of the Group's factual division.

The factual division continued to sustain growth, primarily from its Cardiff based company Prospect Cymru, winning further commissions including the highly anticipated factual based drama **Shirley** about the life of Welsh diva Shirley Bassey due to air in 2011 as the centre piece of the BBC Two's Mixed-Race season.

Other highlights included 6 part series **Misbehaving Mums To Be** which aired on BBC Three to high audience ratings and led to the commissioning of an extra episode, while also enjoying strong international sales; 2-part BBC documentary **Passion of Port Talbot** starring Michael Sheen which aired on BBC Wales to critical acclaim; and one-off Special **Children of 9/11: Revealed** for Channel 5 which marked the 10th Anniversary of the 9/11 terrorist attacks. The critically acclaimed BBC Four documentary **Elgar: The Man Behind the Mask** received further accolades with a BAFTA Craft Award, and a nomination at the upcoming Grierson Awards 2011.

The division also expanded into topical programming with the launch of new unit specializing in current affairs and fast turnaround programmes operating out of Prospect Cymru; and which already won a Channel 4 **Dispatches** special to air this autumn. This strategic move was partly a response to broadcasters' call for greater diversity in the broadcaster supply base outside the M25.

Matchlight

Matchlight, the joint venture between DCD and prominent Scottish programme makers formed in 2009, has strengthened its position as one of Scotland's leading production companies.

It has been commissioned to make series or individual films for BBC One, BBC Two, BBC Three, BBC Four, BBC Scotland, Channel 4 and Channel 5. Highlight's included the Royal Television Society nominated history series **At Home with the Georgians** for BBC Two, presented by Prof. Amanda Vickery; the Grierson Award shortlisted two-part Imagine documentary for BBC One, **The Trouble with Tolstoy; See You in Court** (previously titled Libel) a major six part documentary series for BBC One; and **Dangerous Drivers' School** a new six part, prime time series for Channel 5.

Looking forward Matchlight has secured a slate of development projects which contributes to its positive

outlook: it has recently secured two new commissions from Channel 4 and is in production on a three part series for BBC Four as well as single films and series for BBC Two and BBC Three.

Entertainment

September Films

The performance of the Group's transatlantic producer of reality television, entertainment and formats was driven by talent-fronted hit series on both sides of the pond. In the US, the Group delivered a fourth season of A&E's signature non-fiction series, **Billy The Exterminator**, now a household name in America, while the iconic wedding reality series **Bridezillas**, now totaling 150 hours distributed internationally by DCD Rights, premiered its 8th successful season on WEtv. To sustain growth in the US market, the division appointed Rich Hansil, a senior US TV executive to the newly created position of Senior Vice President, Creative for its LA office and he quickly delivered the documentary special **Beyond: Messages from 9/11** for the US Biography Channel.

In the UK the Group won and delivered the primetime ITV1 Saturday night series **Penn & Teller: Fool Us**, presented by Jonathan Ross. The success of the seven hour series led to the commissioning of a further Bank Holiday Special which aired in August. Finally, **Richard Hammond's Blast Lab**, BBC's BAFTA winning children's' game show transmitted its fourth series on BBC One and BBC Two and continued to perform well in sales and licensing through the Group's wholly owned rights divisions.

Event Management

Done and Dusted

The music and live events division continued to deliver recurring large scale productions including the **The Laureus World Sports Awards 2011** staged and filmed in Abu Dhabi and a further sold out year of the summer music event **T4 On the Beach** which broadcast live on Channel 4 over the summer.

Done & Dusted are to produce again this year **Arthur's Day**' the live music annual celebrations, advertiser funded by Guinness and the prestigious music award show **The Mobo Awards** to air live on BBC One in October. In addition, the Group anticipates further significant US based work during the second half of the year.

As per the above announcement the Group confirmed the intended departure of its Done and Dusted management team at the end of December 2011. The Group will continue to make efforts to mitigate the loss of this revenue and its associated contribution to the group. The Done and Dusted management team will remain until the end of this financial year to ensure an orderly transition.

Rights and Licensing

DCD Rights

The Group's international distribution arm performed in line with expectations during the first half of the year acquiring and selling rights of both DCD and third-party producers; it continued to invest in new prestigious programming including Australian drama series **The Straits** and the highly anticipated **The Slap** which is due to premiere on ABC Australia shortly and was sold to BBC for transmission this autumn on BBC Four.

The MIP TV market event in April saw DCD Rights launch format and programme rights for a number of new talent led original shows, including the DCD-produced entertainment series **Penn & Teller Fool Us**, presented by Jonathan Ross, 6-part documentary series **Tony Robinson Down Under** and 150 hours of the US hit wedding series **Bridezillas** produced by September Films. Sales highlights included Prospect Cymru's factual series **Misbehaving Mums to Be** which was sold across Europe and Australia alongside strong sales for a raft for the distributor's key factual programmes.

DCD Publishing (including DVD label Digital Classics)

The licensing arm of DCD Media exploiting wholly-owned and third party brands for IP in publishing,

DCD Media plc

Condensed Consolidated Interim Financial Statements for the period ended 30 June 2011

merchandising, DVD and music continued to sign representation deals including Donny Osmond in the UK for licensing & merchandising. It continued to take advantage of its access to the largest music publishing catalogues and launched a number of innovative products including key rings from the Lennon/McCartney catalogue, with several products to be announced post period.

Representation deals have been signed with **Dawn Porter**, **Stephen K Amos**, **Yuki Gomi** and **Magic Belles**. Top pre school brand **Suzy's Zoo** enjoyed tremendous momentum at the Las Vegas International Licensing Expo in June and was licensed for books, games, nursery bedding, toys, pre-school car and travel accessories. **Richard Hammond's Blast Lab** toys continue to sell well and **Puppy Love** is set for a good performance in the run up to Christmas.

Digital Classics DVD, DCD's wholly owned DVD label, continued to increase the number of titles in the catalogue through third-party acquisitions as well as DCD-owned programmes. Continuing to work on titles by **Stephen Fry**, the label released the award-winning **Stephen Fry: Wagner and Me**, as well as BBC's acclaimed programme **Stephen Fry and the Gutenberg Press**. The label released Matchlight's RTS Award-nominated **At Home with the Georgians**, as well as West Park Pictures' **Masterpieces: The Arch of Enlightenment**. These titles, as well as Peter Greenaway's **A TV Dante**, were all licensed through sister company DCD Rights, the group's international distributor.

Digital Classics has now changed distributors in order to boost sales of the back catalogue. New retailers, such as supermarkets and discount outlets, will now be targeted as a strategic move to increase volume sales. DCD Music continues to develop its burgeoning music publishing business with nearly 500 hours under administration.

David Green

Chief Executive Officer

26 September 2011

Consolidated Statement of Comprehensive Income (unaudited) for the 6 months ended 30 June 2011

	Note	Unaudited 6 months to 30 June 2011 £'000	Unaudited 6 months to 30 June 2010 £'000	Audited 18 months to 31 December 2010 £'000
Revenue		13,682	14,850	48,359
Cost of sales		(9,625)	(10,500)	(38,165)
Gross profit		4,057	4,350	10,194
Selling and distribution expenses		(37)	(30)	(101)
Administration expenses:				
- Other administrative expenses		(3,588)	(3,346)	(9,934)
- Impairment of goodwill and amortisation of trade names		(1,947)	(494)	(10,899)
- Restructuring costs		-	-	(530)
Total administrative expenses		(5,535)	(3,840)	(21,363)
Operating (loss)/profit		(1,515)	480	(11,270)
Other comprehensive income		3	-	59
Gain on convertible loan cancellation	2	-	-	3,560
Finance costs		(146)	(96)	(788)
(Loss)/profit before taxation		(1,658)	384	(8,439)
Taxation - current	3	135	(33)	544
(Loss)/profit for the period		(1,523)	351	(7,895)
Profit attributable to:				
Owners of the parent		(1,460)	351	(7,742)
Non controlling interest		(63)	-	(153)
(Loss)/profit and total comprehensive income for the period		(1,523)	351	(7,895)
Basic (loss)/profit per share	4	(2.47p)	0.57p	(13.38p)
Diluted (loss)/profit per share	4	(1.80p)	0.60p	(13.38p)
Adjusted basic (loss)/profit per share	4	0.93p	1.54p	-
Adjusted diluted (loss)/profit per share	4	0.90p	1.37p	-

There were no other comprehensive income and expense items other than those reflected in the above income statement. All activities derive from continuing operations.

Consolidated Statement of Financial Position (unaudited) at 30 June 2011

	Unaudited 30 June 2011 £'000	Unaudited 30 June 2010 £'000	Audited 31 December 2010 £'000
Assets			
Non-current			
Goodwill	6,116	16,249	7,568
Other intangible assets	7,273	11,308	7,768
Property, plant and equipment	83	184	104
	13,472	27,741	15,440
Current assets			
Inventories	554	184	276
Trade and other receivables	6,445	9,344	7,930
Cash and cash equivalents	4,350	5,408	4,135
	11,349	14,936	12,341
Liabilities			
Current liabilities			
Bank overdrafts	(756)	(528)	(738)
Bank and other loans	(1,000)	(927)	(1,000)
Trade and other payables	(8,409)	(10,815)	(9,560)
Taxation and social security	(1,113)	(467)	(869)
Obligations under finance leases	(6)	(11)	(11)
Provisions	(50)	(898)	(76)
	(11,334)	(13,646)	(12,254)
Non-current liabilities			
Secured convertible loan	(3,217)	(3,066)	(3,123)
Bank and other loans	(500)	(2,666)	(1,000)
Obligations under finance leases	-	(4)	-
Deferred tax liabilities	(1,497)	(2,074)	(1,636)
	(5,214)	(7,810)	(5,759)
Net assets	8,273	21,221	9,768
Equity			
Called up share capital	6,618	6,569	6,602
Share premium account	49,462	48,910	49,451
Equity element of convertible loan	120	97	120
Merger reserve	6,356	6,356	6,356
Retained earnings	(54,181)	(40,711)	(52,721)
Equity attributable to owners of the parent	8,375	21,221	9,807
Non controlling interest	(102)	-	(39)
Total Equity	8,273	21,221	9,768

Consolidated Statement of Cash Flows (unaudited) for the 6 months ended 30 June 2011

	Unaudited 6 months to 30-Jun 2011 £'000	Unaudited 6 month to 30-Jun 2010 £'000	Audited 18 months to 31-Dec 2010 £'000
Net cash flows from operating activities	704	2,154	9,375
Investing activities			
Acquisition of subsidiary undertakings, net of cash and overdrafts acquired	-	250	(179)
Purchase of property, plant and equipment	(2)	(83)	(35)
Purchase of intangible assets	-	389	(8,092)
Net cash flows used in investing activities	(2)	556	(8,306)
Financing activities			
Issue of ordinary share capital	-	(763)	-
Repayment of finance leases	(5)	3	(3)
Repayment of loan	(500)	(500)	(3,480)
New loans raised	-	(62)	3,000
Net cash flows (used in)/from financing activities	(505)	(1,322)	483
Net increase/(decrease) in cash	197	1,388	1,552
Cash and cash equivalents at beginning of period	3,397	3,492	1,845
Cash and cash equivalents at end of period	3,594	4,880	3,397

Statement of Changes in Equity

	Share capital	Share premium	Equity element of convertible loan	Merger reserve	Retained earnings	Equity attributable to owners of the parent	Amounts attributable to non-controlling interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 30 June 2009	5,806	49,100	328	6,356	(45,187)	16,403	-	16,403
Profit and total comprehensive income for the period	-	-	-	-	4,125	4,125	-	4,125
Shares issued	763	-	-	-	-	763	-	763
Refinancing cost taken to Share Premium	-	(190)	-	-	-	(190)	-	(190)
Balance at 31 December 2009	6,569	48,910	328	6,356	(41,062)	21,101	-	21,101
Profit and total comprehensive income for the period	-	-	-	-	351	351	-	351
Reduction in convertible loan	-	-	(231)	-	-	(231)	-	(231)
Balance at 30 June 2010	6,569	48,910	97	6,356	(40,711)	21,221	-	21,221
Profit and total comprehensive income for the period	-	-	-	-	(12,218)	(12,218)	(153)	(12,371)
New Shares issued	33	541	-	-	-	574	-	574
Reduction in convertible loan	-	-	23	-	-	23	-	23
Movements on refinancing	-	-	-	-	208	208	-	208
Minority interest recognised on obtaining a controlling interest	-	-	-	-	-	-	114	114
Balance at 31 December 2010	6,602	49,451	120	6,356	(52,721)	9,808	(39)	9,769
Profit and total comprehensive income for the period	-	-	-	-	(1,460)	(1,460)	(63)	(1,523)
New Shares issued	16	11	-	-	-	27	-	27
Balance at 30 June 2011	6,618	49,462	120	6,356	(54,181)	8,375	(102)	8,273

Notes to the interim financial statements (unaudited)

Nature of operations and general information

The principal activity of DCD Media plc and subsidiaries (the Group) is the production of television programmes in the United Kingdom and United States, and the worldwide distribution of those programmes for television and other media; the Group also distributes programmes on behalf of other independent producers.

DCD Media plc is the Group's ultimate parent company, and it is incorporated and domiciled in Great Britain. The address of DCD Media plc's registered office is One America Square, Crosswall, London EC3N 2SG, and its principal place of business is Glen House, 22 Glenthorne Road, London W6 0NG. DCD Media plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

DCD Media plc's condensed consolidated interim financial statements are presented in Pounds Sterling (£), which is also the functional currency of the parent company.

These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on 26 September 2011.

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 235 of the Companies Act 2006. The figures for the period ended 31 December 2010 have been extracted from the Group's statutory financial statements, which have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 498 (2) of the Companies Act 2006.

1. Basis of preparation

These interim condensed consolidated financial statements (the interim financial statements) are for the 6 months ended 30 June 2011. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the period ended 31 December 2010.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements and remain unchanged from those set out in the previous audited consolidated financial statements.

Basis of preparation – Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the CEO's Review. The financial position of the Group, its cash position and borrowings are set out in the Financial Review section of the statement.

The Group's day-to-day operations are funded from cash generated from trading, with other activities funded from a combination of equity and short and medium term debt instruments. In considering the going concern basis of preparation of the Group's financial statements, the Board have prepared profit and cash flow projections which incorporate reasonably foreseeable impacts of the ongoing challenging economic environment. These projections reflect the ongoing management of the day to day cash flows of the Group which includes assumptions on the profile of

payment of certain existing liabilities of the Group and injection of new cash. They show that the day to day operations will continue to be cash generative, but that additional short term funding is required to help underpin the Group's stability and enable management to continue to focus the Group's activities into profitable production development. The forecasts also show that in addition to the extra short term funding referred to above, the Group will continue to utilise its term loan and overdraft facility provided by its principal bankers for the foreseeable future.

The Group also announced on 1 September 2011, that it proposed to raise up to £1 million (before expenses) by way of a subscription at a price of 1 pence per Ordinary Share. The Subscription is conditional, inter alia, upon DCD Media Plc obtaining approval from its shareholders to grant the Board authority to allot the new Ordinary Shares and admission to the market.

The Group's overdraft facility is currently under review with the bank. Whilst the ongoing facility has not yet been formally approved, the Group's bankers have indicated that subject to its satisfactory review of the business it is their intention to continue with the existing facilities. The Group's term loan facility contains, inter alia, a number of financial covenants that are tested periodically throughout the period and on the period end financial statements. These covenants include a minimum level of Group net assets. The Group's bankers have indicated that they are aware of the net asset position and it is their intention to reset the net asset covenant in line with the Group's current position. Accordingly, the Directors have a reasonable expectation that both the term loan and the overdraft facility will continue to be available to the Group for the foreseeable future.

The Group believes that the opportunity to inject new cash into the Group will help underpin its stability, and help management refocus its balance between profitable current production development and future growth and reduce the need for the Company to divert operating cash towards short term non operating requirements.

The Board remain positive about the resilience of the Group despite the pressures from the current economic conditions and those outlined above. The Directors forecasts and projections, which make allowance for reasonably possible changes in its trading performance, show that, with the ongoing support of its senior shareholders and its bank, the Group can continue to generate cash to meet their obligations as they fall due.

Through the recent negotiations with senior shareholders and its principal bankers, the directors, after making enquiries, have a reasonable expectation that the Company and the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

2. Other income – Gain on cancellation of Convertible Loan

The income statement reflects an extraordinary gain of £3.7m which arose following the refinance of the Group's convertible debt. The Group's convertible debt liability was substantially reduced on 30 November 2009 to £2.9m following the agreement of our primary holder of convertible loan notes, Highbridge Capital Management LLC ("Highbridge"), to cancel approximately £6.9m of convertible loan notes in exchange for approximately £2.5m of cash and 7,631,048 new ordinary shares. The cash consideration was met from a senior bank loan from Coutts & Co. of £3.0m, repayable over three years, The remaining convertible debt is redeemable in November 2012 if not previously converted at the fixed price of 18p.

3. Tax

There is no UK tax charge as a result of losses available for offset. No deferred tax asset has been recognised in relation to these losses.

Notes to the interim financial statements (unaudited)

4. Earnings/(loss) per share

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) attributable to ordinary shareholders divided by the average number of shares in issue during the period.

The calculation of the diluted earnings/(loss) per share is based on the basic earnings/(loss) per share, adjusted to allow for the issue of shares and the post tax effect of dividends and interest, on the assumed conversion of all other dilutive options and other potential ordinary shares.

	6 months to 30 June 2011 £'000	6 months to 30 June 2010 £'000
Profit/(loss) attributable to ordinary shareholders		
Basic	(1,523)	351
Adjusted basic	571	941
Dilution	125	119
Basic diluted	(1,398)	470
Adjusted diluted excluding extraordinary gain	696	1,060
Weighted average number of shares in issue	No. '000	No. '000
Basic	61,510	61,112
Dilution	15,902	16,207
Diluted	77,412	77,319
Per share amount (pence)		
Basic	(2.47)	0.57
Diluted	(1.80)	0.60
Adjusted basic	0.93	1.54
Adjusted diluted	0.90	1.37

5. Post Balance sheet events

Subscription and issue of convertible loan notes

On 1 September 2011, the Group announced that it proposed to raise up to £1 million (before expenses) by way of a subscription at a price of 1 pence per Ordinary Share. The Subscription is conditional, inter alia, upon DCD Media Plc obtaining approval from its Shareholders to grant the Board authority to allot the new Ordinary Shares and Admission.

The Group also announced on 1 September 2011, that it had agreed the terms of a new tranche of Convertible Loan Notes from one of its existing shareholders amounting to approximately £0.98 million. The terms of the new tranche of Convertible Loan Notes have been amended by reducing the conversion price to 1p. The new tranche of Convertible Loan Notes will earn interest at 8 per cent. per annum, which will be rolled up and payable in cash or Ordinary Shares at the Company's option. The terms of the existing Convertible Loan Notes remain as before, converting at 18 pence, and will earn interest at 8 per cent. per annum, which will be rolled up and payable in cash or Ordinary Shares at the Company's option.

Done and Dusted

The Group announced that following a lengthy period of discussion it had come to a mutual agreement with the management of its subsidiary, Done and Dusted, to terminate their contracts with effect from 31 December 2011. The key terms of this agreement are that the team continues to work towards the end of the current financial year, ensuring that ongoing and known business is unaffected. In return the Group agrees to certain demands, where there is nil financial cost to the business, including the use of the Done and Dusted brand name. The Done and Dusted management team has agreed that it would agree to transfer its currently held shares, amounting to 12.4% of the current issued share capital, towards a nominated DCD Media employee share trust. Should shareholders pass the Resolutions at the forthcoming General Meeting, these shares will represent c.4.6% of the issued share capital (c.2.5% fully diluted).

6. Publication of non-statutory accounts

Copies of the report are available from the registered office of DCD Media plc or from the website. The address of the registered office is: One America Square, Crosswall, London EC3N 2SG.