**DCD Media plc**

("DCD Media" or the "Group")

**Unaudited Interim Results For The Six Months Ended 30 June 2012**

DCD Media plc, the independent TV production and distribution group, is pleased to report unaudited interim results for the six months ended 30 June 2012. Comparatives are for the unaudited interim results for the 6 months ended 30 June 2011.

**Financial highlights**

**Continuing operations:**

- Revenue £6.6m (2011: £10.8m)
- Gross profit £2.2m (2011: £3.8m)
- Operating loss £2.1m (2011: £0.8m)

**Discontinued operations:**

- Revenue £0.0m (2011: £2.9m)
- Gross profit £0.1m (2011: £0.3m)
- Operating profit £0.1m (2011: Loss £0.7m)

**Group results:**

- Unadjusted Loss Before Tax £2.21m (2011: £1.67m)
- Adjusted Loss Before Tax £1.09m (2011: Profit £0.29m)
- Adjusted EBITDA Loss £0.88m (2011: Profit £0.46m)
- Adjusted Basic Earnings Per Share Loss 0.58p (2011: Profit 0.93p)
- Long term liabilities (excluding deferred tax) £0.02m (2011: £3.7m)

DCD Media reports a fall in revenue of 7.1m due to lost revenue from discontinued operations, Done and Dusted Group Ltd, and weaker than expected UK production revenue.

Operating losses increase by £0.5m to £2.0m, following investment in UK production staff and the reduced UK production revenues.

Please refer to the table in the Financial Review section of the Chief Executive's Statement for a reconciliation of adjustments.

**Business highlights**

- **Timeweave plc** acquired £3.1 m of convertible loan notes converting 29.99% into the Company's issued share capital during the period, increasing to 49.99% shortly after period end.
- DCD Media appointed Sammy Nourmand as **Chief Executive** and David Green as **Executive Chairman**.
- **Rize Television Ltd** (trading as Rize USA) continued to gain momentum – securing its first US commissions and delivering ratings winning programmes in the UK.
- DCD Media expanded its range of production activities with the launch of DCD Post-Production Limited, trading under the brand name '**Sequence**'.
- **DCD Rights** stepped up format acquisitions following success with Penn & Teller: Fool Us.

- **DCD Publishing** expanded talent division with some success in securing new representation deals.

**Post period events**

- **Timeweave plc** converted convertible debt into 49.99% shares in DCD Media plc.

- DCD Media appointed Richard McGuire, Neil McMyn, Andrew Lindley and **Timeweave plc**'s CEO David Craven as Non-Executive Directors.

- September Films USA Inc. secured new seasons of high volume returning series **Bridezillas** and **Billy The Exterminator**.

**Sammy Nourmand, Chief Executive**, commented:

"The period witnessed the arrival of a powerful and substantial shareholder in the form of Timeweave plc and the subsequent conversion of debt into equity has significantly reduced the debt and improved the balance sheet. The Group has suffered weaker than expected UK production revenues in the first half of the year but has continued to focus on rationalising its operations to help create a stable platform for future growth. It fully expects an improved performance in the second half of the year. The Group will re-focus on core activities, and in partnership with our key investors, intends to deliver long term shareholder value."

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# Chief Executive's Statement

This announcement presents the unaudited results for the Group for the six months ended 30 June 2012.

The Group continued to face challenges over the last 6 months and has remained reliant upon its core businesses, namely TV production and distribution. The period, however, saw investment in key management positions for TV production, both in the UK and in the US, which will assist in providing a pipeline of future programming growth and development. The Group also extended its portfolio of business interests by acquiring the brand, assets and senior management of UK post production company Sequence Post-Production Ltd.

The focus of the Group is factual and entertainment content production and the underlying strategy remains the same, to create and distribute content, across a diversified portfolio.

We have been building 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.

**1. Financial Review**

During the period, Timeweave plc (Timeweave) acquired £3.068m of convertible loan notes in DCD Media, all of which had a maturity date of 28 November 2012. £2.093m of the loan notes were convertible into ordinary shares in DCD Media at 18p and £975,000 of the loan notes were convertible into ordinary shares in DCD Media at 1p.

On 18 April 2012, Timeweave converted £0.596m of its convertible loan notes into 59,575,000 ordinary shares of 1p each in the share capital of the DCD Media, acquiring 29.99% of DCD Media’s issued share capital as enlarged by the conversion. Following this the Board continued their discussions with Timeweave, and, prior to the reporting date Timeweave, proposed it would convert a further tranche of the convertible loan notes.

On 24 July 2012, a general meeting approved the conversion of the remaining convertible debt held by Timeweave without the requirement for a mandatory offer to shareholders for their residual shareholding (this having also been approved by the Panel on Takeovers and Mergers in advance). On 2 August 2012, Timeweave converted a further £2.09m of debt to equity (£0.431m at 1p per share and £1.657m at 2p per share) resulting in a shareholding of 185,570,350 DCD Media ordinary shares or 49.99% of DCD Media’s issued share capital with an option to exercise warrants to a total shareholding of 55.19%. Henderson Global Investors (Henderson) also converted £0.93m of their convertible debt and accrued interest into 46,543,700 shares, attaining a shareholding of 23.2%.

After the conversions identified above the balance of the convertible debt held on the balance sheet was £0.9m.

In August 2012, DCD Media entered in to a new loan facility with Coutts & Co bank. The facility is for £1.2m, incurs interest at 3.5 per cent. above Libor and is repayable by 30 November 2014 in quarterly instalments. The balance at 30 June 2012 was £0.5m (2011: £1.5m). The Group continues to make use of the overdraft facility, which at 30 June 2012 was £0.84m (2011: £0.76m).

**2. Profit and Loss Review**

Revenues for the six months to 30 June 2012 were £6.6m (2011: £13.7m). The reduction in revenue is partly due to the loss of revenue contribution from Done and Dusted Group Limited (2011: £2.9m) which left the Group at 31 December 2011, and also as a result of the acknowledged difficulties within the domestic UK market which has lead to reduced revenues. West Park Pictures Limited was placed into administration during the period and revenue contribution was nil (2011: £0.2m). Gross profit has fallen to £2.3m from £4.1m for the same period in 2011. However, gross profit percentage has increased to 34.3% (2011: 29.7%) representing better financial management of productions.

Discontinued operations relate to the run off of operations of Done and Dusted Group Limited, the events management element of the business. While no revenue was generated in the period, a gross profit of £0.1m (2011: £0.3m) was generated through the release of accrued costs, which were over accrued for in the prior period.

Adjusted loss before tax was £1.09m (2011: profit before tax £0.29m), resulting in adjusted losses per share for the period of 0.58p (2011: adjusted earnings per share 0.93p). Due to the non-cash charge against intangibles, described in the balance sheet section below, of £1.12m, the Group’s statutory loss after tax was £2.28m (2011: £1.52m).

The losses for the Group for the period are attributable to a combination of reduced content production due to the current UK climate and an increase in permanent headcount in the form of new key UK management to develop the UK production content. The strategy of the Group has been to develop new UK and USA production content and this requires investment. In the remainder of the year the fruits of this investment are expected to be seen with revenues increasing and covering overhead costs.

The conversion of the convertible debt will eliminate the finance costs associated with this debt, which for the period to 30 June 2012 were £0.17m (2011: £0.12m).

September Films USA continued to perform strongly in the period reflecting its consistent success within the US market.

The UK productions division, consisting of September Films UK, Prospect, Matchlight and Rize Television, contributed £2.77m to revenue but broke even in respect of operating profits. As noted above, investment within the division has occurred contributing to this break even situation and in the future operating profits are expected to be generated in this division.

DCD Rights has performed consistently during the period increasing revenues by £0.15m, but gross profit margins remain under pressure due to increased funding costs.

DCD Publishing division, including DCD Music and Digital Classics DVD brands, has refocused on publishing and brand management, with less focus on the DCD Music and DVD sales brands. Revenue for the division was £0.2m with an operating loss of £0.1m.

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:

| | **Unaudited 6 months ended 30 June 2012 £m** | **Unaudited 6 months ended 30 June 2011 £m** |
|---|---|---|
| Operating loss per accounts (continuing operations) | (2.09) | (0.76) |
| Add: Discontinued operations | 0.07 | (0.75) |
| **Operating loss per accounts** | **(2.02)** | **(1.51)** |
| Add: Amortisation of programme rights | 0.10 | 0.00 |
| Add: Impairment of programme rights | 0.05 | 0.00 |
| Add: Amortisation of trade names | 0.23 | 0.49 |
| Add: Impairment of goodwill and related intangibles | 0.74 | 1.46 |
| Add: Depreciation | 0.02 | 0.02 |
| **EBITDA** | **(0.88)** | **0.46** |
| Add: Restructuring costs (legal and statutory) | 0.00 | 0.00 |
| **Adjusted EBITDA** | **(0.88)** | **0.46** |
| Less: Net financial income/(expense) | (0.19) | (0.15) |
| Less: Depreciation | (0.02) | (0.02) |
| **Adjusted (LBT)/PBT** | **(1.09)** | **0.29** |

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 LBT of £1.09m (2011: PBT £0.29m).

### 3. Balance Sheet review

Intangible assets as at 30 June 2012 stood at £7.0m (2011: £13.4m). The balance at 31 December 2011 was £8.1m and details of this movement were explained in the results for the year ended 31 December 2011, namely, the non cash write-down of intangible assets. The subsequent movement within the six month period of reporting to 30 June 2012 regarding intangible assets, reflects the ongoing amortisation of trade names of £0.2m (2011: £0.5m) and the amortisation and impairment of programme rights £0.2m (2011: £nil) and the impairment of goodwill relating to September Films of £0.7m (2011: 1.5m), following a review of future anticipated discounted cash flows for this Cash Generating Unit, which includes both September Films USA and September Films UK.

The total convertible loan debt at 30 June 2012 stood at £3.9m (2011: £3.2m) including rolled up interest.

After the reporting date, Timeweave plc converted £2.09m of convertible debt and accrued interest into 125,995,350 shares and Henderson Global Investors converted £0.93m of convertible debt and accrued interest into 46,543,700 shares. The resulting conversion provided Timeweave plc with a 49.99% shareholding and Henderson Global Investors with a 23.28% shareholding of the enlarged share capital.

The remaining convertible debt after these transactions was £0.9m.

Bank debt, provided by Coutts & Co., was £0.5m (2011: £1.5m) at the period end, a reduction of £1m since June 2011 and all of which is recorded within current liabilities. Post period end the company entered into a new facility with Coutts & Co bank. The facility is for £1.2m, incurs interest at 3.5 per cent. above Libor and is repayable by 30 November 2014 in quarterly instalments. The balance as at 27 September 2012 is £1.08m. The Group aims to continue to reduce its bank debt over the remainder of 2012, 2013 and 2014.

Trade and other receivables movement since the prior period reflect the reduced turnover versus the comparable period with receivables at 30 June 2012 standing at £4.1m (2011: £6.4m). A similar movement is reflected within trade and other creditors which at 30 June 2012 stood at £4.9m (2011: £8.4m).

Cash on hand at the period end stood at £1.4m (2011: £4.4m). 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 £0.4m (2011: £1.1m).

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.

### 4. Substantial shareholdings

During the period under review and post the reporting date, significant movements in shareholdings occurred. As at 27 September 2012, the following notifications had been made by holders of beneficial interests in 3% or more of the Company's issued ordinary share capital as follows:

| | No. of 1p ordinary shares | % |
|---|---|---|
| Timeweave plc | 185,570,350 | 49.99 |
| Henderson Global Investors Limited | 86,429,696 | 23.28 |
| D Green (Director) | 24,246,614 | 6.53 |
| H Kronsten | 15,500,000 | 4.18 |

### 5. Review of operational activities

The Group consists of 4 key markets:

**Production**

- *UK Production* - This division was involved in the production of factual, Entertainment & Lifestyle content from the Prospect Pictures, September Films, Rize USA and Matchlight.
- *US Production* – This division is involved in the production of entertainment and reality television through its wholly owned subsidiary September Films USA Inc.
- *Post Production* – Sequence Post Production and Sequence Creative.

**Distribution**

- *Rights and Licensing* – This division is involved with programme distribution, DVD sales, music and publishing deals through DCD Rights and DCD Publishing.

### i) UK Production

The division strengthened its management team with the appointment of a Managing Director in April to oversee the Group's UK Production arm including Prospect, Prospect Cymru/Wales and September Films UK, as well as look after the interests and integration of Rize USA and Matchlight. This division managed all the Group's output in several genres including Entertainment, Factual and Lifestyle programming in which the brands have a strong track record.

## Chief Executive's Statement

Highlights during the 6-month period included the ratings success of primetime documentary **The Tallest Tower: Building The Shard** which aired on Channel 4 and the commissioning of new documentaries including **The Hunt for Britain's Metal Thieves** for BBC One. Finally **Shirley**, the BBC Two biopic starring Ruth Negga and produced by Cardiff based Prospect Cymru, received further high profile award nominations including BAFTA Television and most recently BAFTA Wales.

***Matchlight***
Glasgow based independent factual producer Matchlight expanded its roster of programming with high profile personalities and presenters, working across all the main UK channels including the acclaimed BBC Three documentary Russell Brand: **From Addiction to Recovery** which garnered international publicity on transmission. Other highlights included documentary series for the BBC channels, notably **She-Wolves: England's Early Queens** presented by **Dr. Helen Castor, Afghanistan: The Great Game**, a personal view by Rory Stewart, and **Gambling Addiction & Me** presented by Real Hustle star Alexis Conran. **Matchlight** also secured a second series of **Dangerous Drivers' School** for Channel 5 to air later this year.

***Rize USA***
The London and Los Angeles based production company which launched at the end of 2011 produced several series and single non fiction programmes in the UK and US up to June 2012. Highlights included the 6 part series **High School Moms** for TLC and Discovery Fit & Health (US), and a 3 part series for BBC2. Single documentary commissions included the film **Bubble Skin Man** for TLC (US) and **The Girl Who Became Three Boys** for Channel 4 which transmitted post period to high ratings and critical acclaim.

Rize also signed a first look deal with Caters News, the UK's leading news and picture agency, giving the company exclusive access to breaking news stories and allowing the company to secure TV rights to highly sought after stories.

**ii) US Production**

The US remained a strong and stable contributor of revenue to the Group. Reality television, entertainment and formats producer September Films USA secured a new series of hit reality show **Billy The Exterminator** currently in production for A&E and Season 9 of the producer's long running series **Bridezillas** which premiered in June on WEtv. There's now a total of 174 hours sold internationally by DCD Rights where it has consistently been one of the distributor's top selling shows with acquisitions in over 50 territories.

US production also generated new business opportunities for other DCD producers notably for Prospect which secured its first US documentary commission for Discovery US to air later in 2012. The outlook for production in the US market remains positive with a number of new original commissions and returning reality series in the pipeline.

**iii) Post Production**

***Sequence***
In February 2012, London based post production house **Sequence** was acquired and re-launched by DCD Media, adding a new activity to the range of the Group's TV production businesses and providing an effective in-house post department capable of servicing each of its production companies with the highest level of post and channel delivery.

With financial backing and a new business infrastructure in place, the company whose clients include **All3Media**, **Top Gear Live**, **Haymarket Publishing**, **Pentland Brands** and **IMG**, has experienced one of its busiest periods working with both third party clients and in-house producers, expanding its team, kit and facility into new genres, and gaining new business, the revenue of which will mostly be reflected in the second half of the financial year. Post period Sequence delivered several major works for prestigious clients including Lime Pictures' **Hollyoaks Later** strand and the new **Top Gear Live** commercial, featuring The Stig and the latest Aston Martin Vanquish produced by Sequence Creative.

**iv) Rights and Licensing**

***DCD Rights***
General trading for the Group's distribution arm was steady. The division stepped up its format acquisition following the success of last year's September Films' production of **Penn & Teller: Fool Us** with format sales to Ukraine and Israel. DCD Rights took its largest ever slate of factual entertainment shows to the MIP TV market in April and secured programme package deals for their international third party clients as well as several in-house producers.

Prestigious third party drama acquisition continued off the back of the series **The Slap**, which continued to reap multiple awards and nominations and sold internationally. Drama sales highlights included sales to DIRECTV as well as multi territory deals with AMC/Sundance Global Channel. The division also performed well at the NATPE market in January in Miami selling the long running hit series **Bridezillas** to a large number of broadcasters and also successfully launched a new **Iron Maiden Live concert EN VIVO!**.

***DCD Publishing***

## Chief Executive's Statement

DCD Publishing refocused its position as an agency specialising in 360 degree brand development in all areas including: television; book publishing; consumer products; brand endorsements; public appearances and DVD. During the period it broadened its representation deals with talent such as **The Duchess of Northumberland**, visual artist **Alison Jackson**, Japanese Chef **Yuki Gomi**, parenting guru **Commando Dad**, journalist **Kate Spicer** and boxing legend **Glen McCrory**.

Talent deals notably included **Zalza** - Russell Grant and Flavia Cacace's fitness/dance concept – which ran through the summer on ITV's This Morning and presents further licensing opportunities, **Yuki Gomi**'s book publishing deal with Penguin for 'Simple Sushi' along with a brand ambassador deal with Kai for their range of high end cooking knives. **Donny Osmond** was licensed to Danilo, the UK's leader in the official calendar market and a number of lyric merchandising deals were signed to be announced over the course of the second half of the year.

Digital Classics, DCD Media's wholly owned DVD label, released over 15 new titles including **Tony Robinson Down Under** and Amanda Vickery's **The Many Lovers of Jane Austen**.

### 6. Outlook

Every effort is being made to consolidate DCD Media as an independent business with distinctive production genres and a vertically integrated distribution engine. Despite setbacks, in what is already a challenging domestic trading environment, the Directors believe DCD Media remains able to deliver value, with a greater focus on its core areas of expertise.

**Sammy Nourmand**
**Chief Executive Officer**
27 September 2012

## Consolidated income statement (unaudited) for the 6 months ended 30 June 2012

| | Note | **Unaudited 6 months to 30 June 2012 £'000** | Unaudited 6 months to 30 June 2011 £'000 | Audited Year to 31 December 2011 £'000 |
|---|---|---|---|---|
| **Revenue** | | **6,589** | 10,782 | 21,843 |
| **Cost of sales** | | **(4,388)** | (7,028) | (13,864) |
| **Impairment of programme rights** | | **(50)** | - | (991) |
| **Gross profit** | | **2,151** | 3,754 | 6,988 |
| Selling and distribution expenses | | **(6)** | (37) | (121) |
| Administration expenses: | | | | |
| - Other administrative expenses | | **(3,266)** | (2,534) | (8,125) |
| - Impairment of goodwill and trade names | | **(740)** | (1,453) | (3,782) |
| - Amortisation of goodwill and trade names | | **(231)** | (494) | (988) |
| - Restructuring costs | | **-** | - | (105) |
| Total administrative expenses | | **(4,237)** | (4,481) | (13,000) |
| Other comprehensive income | | **-** | 2 | 81 |
| **Operating loss** | | **(2,092)** | (762) | (6,052) |
| Finance income | | **1** | 1 | 2 |
| Finance costs | | **(190)** | (143) | (386) |
| **Loss before taxation** | | **(2,281)** | (904) | (6,436) |
| Taxation - current | 2 | **(72)** | 138 | 1,172 |
| **Loss after taxation for continuing operations** | | **(2,353)** | (766) | (5,264) |
| Profit/(loss) on discontinued operations net of tax | | **71** | (757) | (1,790) |
| **Loss for the period** | | **(2,282)** | (1,523) | (7,054) |
| **Loss attributable to:** | | | | |
| Owners of the parent | | **(2,259)** | (1,460) | (7,031) |
| Non controlling interest | | **(23)** | (63) | (23) |
| | | **(2,282)** | (1,523) | (7,054) |
| **Earnings per share attributable to the equity holders of the Company during the period** | | | | |
| (expressed as pence per share) | | | | |
| **Basic loss per share from continuing operations** | | **(1.44p)** | (1.24p) | (6.99p) |
| **Basic profit/(loss) per share from discontinued operations** | | **0.04p** | (1.23p) | (2.37p) |
| **Total basic loss per share** | | **(1.40p)** | (2.47p) | (9.36p) |

## Consolidated income statement (unaudited) for the 6 months ended 30 June 2012

| | | | |
|---|---|---|---|
| **Diluted loss per share from continuing operations** | **(1.44p)** | (1.24p) | (6.99p) |
| **Diluted profit/(loss) per share from discontinued operations** | **0.04p** | (1.23p) | (2.37p) |
| | | | |
| **Total diluted loss per share** | **(1.40p)** | (2.47p) | (9.36p) |

## Consolidated statement of comprehensive income (unaudited) for the 6 months to 30 June 2012

| | Note | **Unaudited 6 months to 30 June 2012 £'000** | Unaudited 6 months to 30 June 2011 **£'000** | Audited Year to 31 December 2011 **£'000** |
|---|---|---|---|---|
| **Loss** | | **(2,282)** | **(1,523)** | **(7,054)** |
| **Other comprehensive expenses** | | | | |
| Exchange losses arising on translation of foreign operations | | **(21)** | - | (123) |
| **Total other comprehensive expenses** | | **(21)** | - | (123) |
| **Total comprehensive expenses** | | **(2,303)** | **(1,523)** | **(7,177)** |
| **Total comprehensive expenses attributable to:** | | | | |
| Owners of the parent | | **(2,280)** | (1,460) | (7,154) |
| Non controlling interest | | **(23)** | (63) | (23) |
| | | **(2,303)** | **(1,523)** | **(7,177)** |

## Consolidated statement of financial position (unaudited) at 30 June 2012

| | **Unaudited 30 June 2012 £'000** | Unaudited 30 June 2011 £'000 | Audited 31 December 2011 £'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current** | | | |
| Goodwill | **3,889** | 6,116 | 4,629 |
| Other intangible assets | **3,077** | 7,273 | 3,458 |
| Property, plant and equipment | **85** | 83 | 78 |
| | **7,051** | 13,472 | 8,165 |
| **Current assets** | | | |
| Inventories | **138** | 554 | 186 |
| Trade and other receivables | **4,085** | 6,445 | 5,164 |
| Cash and cash equivalents | **1,408** | 4,350 | 6,386 |
| Assets held for sale | **83** | - | 83 |
| | **5,714** | 11,349 | 11,819 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Bank overdrafts | **(843)** | (756) | (615) |
| Secured convertible loan | **(3,918)** | - | (4,314) |
| Bank and other loans | **(500)** | (1,000) | (1,154) |
| Trade and other payables | **(4,876)** | (8,409) | (9,341) |
| Taxation and social security | **(375)** | (1,113) | (541) |
| Obligations under finance leases | **(14)** | (6) | (17) |
| Provisions | **-** | (50) | - |
| | **(10,526)** | (11,334) | (15,982) |
| **Non-current liabilities** | | | |
| Secured convertible loan | **-** | (3,218) | - |
| Bank and other loans | **-** | (500) | - |
| Obligations under finance leases | **(22)** | - | (24) |
| Deferred tax liabilities | **(569)** | (1,497) | (622) |
| | **(591)** | (5,215) | (646) |
| **Net assets** | **1,648** | 8,272 | 3,356 |
| **Equity** | | | |
| Called up share capital | **7,989** | 6,618 | 7,393 |
| Share premium account | **49,391** | 49,463 | 49,391 |
| Equity element of convertible loan | **132** | 119 | 154 |
| Merger reserve | **6,356** | 6,356 | 6,356 |
| Translation reserve | **(144)** | - | (123) |
| Retained earnings | **(61,991)** | (54,182) | (59,753) |
| **Equity attributable to owners of the parent** | **1,733** | 8,374 | 3,418 |
| Non controlling interest | **(85)** | (102) | (62) |
| **Total equity** | **1,648** | 8,272 | 3,356 |

## Consolidated statement of cash flows (unaudited) for the 6 months ended 30 June 2012

| Cash flow from operating activities including discontinued operations | Unaudited 6 months ended 30 June 2012 £'000 | Unaudited 6 months ended 30 June 2011 £'000 | Audited year ended 31 December 2011 £'000 |
|---|---|---|---|
| **Net loss before taxation** | **(2,209)** | **(1,658)** | **(8,215)** |
| Adjustments for: | | | |
| Depreciation of tangible assets | **18** | 22 | 56 |
| Amortisation and impairment of intangible assets | **1,121** | 1,947 | 12,693 |
| Profit on disposal of property, plant and equipment | **-** | - | 53 |
| Net bank and other interest charges | **189** | 146 | 390 |
| Net exchange differences on translating foreign operations | **(21)** | - | (123) |
| Decrease in provision | **-** | - | (76) |
| **Net cash flows before changes in working capital** | **(902)** | **457** | **4,778** |
| Decrease/(increase) in inventories | **48** | (278) | 90 |
| Decrease in trade and other receivables | **1,079** | 1,485 | 2,766 |
| Decrease in trade and other payables | **(4,597)** | (906) | (547) |
| **Cash from operations** | **(4,372)** | **758** | **7,087** |
| Interest received | **1** | 1 | 2 |
| Interest paid | **(25)** | (55) | (112) |
| Income taxes (paid)/received | **(126)** | - | 145 |
| **Net cash flows from operating activities** | **(4,522)** | **704** | **7,122** |
| **Investing activities** | | | |
| Purchase of property, plant and equipment | **(25)** | (2) | (83) |
| Purchase of intangible assets | **-** | - | (5,527) |
| **Net cash flows used in investing activities** | **(25)** | **(2)** | **(5,610)** |
| **Financing activities** | | | |
| Issue of ordinary share capital | **-** | - | 703 |
| New finance leases received | **-** | - | 46 |
| Repayment of finance leases | **(5)** | (5) | (16) |
| Repayment of loan | **(654)** | (500) | (846) |
| New loans raised | **-** | - | 975 |
| **Net cash flows from financing activities** | **(659)** | **(505)** | **862** |
| Net (decrease)/increase in cash | **(5,206)** | **197** | **2,374** |
| Cash and cash equivalents at beginning of period | **5,771** | 3,397 | 3,397 |
| **Cash and cash equivalents at end of period** | **565** | **3,594** | **5,771** |

## Statement of Changes in Equity (unaudited)

| | Share capital | Share premium | Equity element of convertible loan | Merger reserve | Translation 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 | £'000 |
| **Balance at 30 June 2010** | **6,569** | **48,910** | **97** | **6,356** | **-** | **(40,712)** | **21,220** | **-** | **21,220** |
| Loss 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** | **-** | **(52,722)** | **9,807** | **(39)** | **9,768** |
| Loss and total comprehensive income for the period | - | - | - | - | - | (1,460) | (1,460) | (63) | (1,523) |
| New shares issued | 16 | 12 | (1) | - | - | - | 27 | - | 27 |
| **Balance at 30 June 2011** | **6,618** | **49,463** | **119** | **6,356** | **-** | **(54,182)** | **8,374** | **(102)** | **8,272** |
| Profit and total comprehensive income for the period | - | - | - | - | - | (5,571) | (5,571) | 40 | (5,531) |
| Convertible loan note issued | - | - | 35 | - | - | - | 35 | - | 35 |
| Shares issued | 775 | (72) | - | - | - | - | 703 | - | 703 |
| Exchange differences on translating foreign operations | - | - | - | - | (123) | - | (123) | - | (123) |
| **Balance at 31 December 2011** | **7,393** | **49,391** | **154** | **6,356** | **(123)** | **(59,753)** | **3,418** | **(62)** | **3,356** |
| Loss and total comprehensive income for the period | - | - | - | - | - | (2,259) | (2,259) | (23) | (2,282) |
| Shares issued on conversion of loan | 596 | - | (22) | - | - | 21 | 595 | - | 595 |
| Exchange differences on translating foreign operations | - | - | - | - | (21) | - | (21) | - | (21) |
| **Balance at 30 June 2012** | **7,989** | **49,391** | **132** | **6,356** | **(144)** | **(61,991)** | **1,733** | **(85)** | **1,648** |

## 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 27 September 2012.

The financial information in the half yearly report has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively Adopted IFRSs). The principal accounting policies used in preparing the half yearly report are those the Group expects to apply in its financial statements for the year ending 31 December 2012 and are unchanged from those disclosed in the Group's Directors' Report and consolidated financial statements for the year ended 31 December 2011. This interim report has neither been audited nor reviewed pursuant to guidance issued by the Audit Practice Board

The financial information for the six months ended 30 June 2012 and the six months ended 31 June 2011 is unaudited and does not constitute the Group's statutory financial statements for those periods. The comparative financial information for the full year ended 31 December 2011 has, however, been derived from the audited statutory financial statements for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified with an emphasis of matter paragraph. This paragraph drew the users' attention to the disclosures in note 1 concerning the going concern of the Group. The auditor's report did not contain a statement under section 498 (2) and (3) of the Companies Act 2006.

While the financial figures included in this half-yearly report have been computed in accordance with IFRSs applicable to interim periods, this half-yearly report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

### 1. Basis of preparation

These interim condensed consolidated financial statements (the Interim Financial Statements) are for the 6 months ended 30 June 2012. 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 year ended 31 December 2011.

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

### Basis of preparation – Going Concern

In considering the going concern basis of preparation of the Group's financial statements, the Board has reviewed 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. The forecasts also show that the Group will continue to utilise its term loan and overdraft facility provided by its principal bankers for the foreseeable future.

The Group's overdraft facility is due for review with the bank in November 2012. 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 has acquired a new term loan facility post the reporting date for £1.2m. It is repayable by 30 November 2014 in quarterly instalments. 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.

In light of this continued debt funding, and following discussions with DCD Media's major shareholders, the Directors have a reasonable expectation that the DCD Media 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 Interim Financial Statements.

## Notes to the interim financial statements (unaudited)

**2. 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.

**3. 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 2012 £'000** | **6 months to 30 June 2011 £'000** |
|---|---|---|
| Loss attributable to ordinary shareholders | | |
| Basic | **(2,282)** | (1,523) |
| Adjusted basic (loss)/profit | **(955)** | 571 |
| Dilution | **160** | 125 |
| Basic diluted | **(2,122)** | (1,398) |
| Adjusted diluted (loss)/profit | **(795)** | 696 |
| | **No.** | No. |
| Weighted average number of shares in issue | **'000** | '000 |
| Basic | **163,318** | 61,510 |
| Dilution | **217,676** | 15,902 |
| Diluted | **380,994** | 77,412 |
| Per share amount (pence) | | |
| Basic | **(1.44)** | (2.47) |
| Diluted | **(0.56)** | (1.80) |
| Adjusted basic | **(0.58)** | 0.93 |
| Adjusted diluted | **(0.21)** | 0.90 |

**4. Dividends**

The Directors do not propose to recommend the payment of a dividend.

**5. Events after the reporting date**

***Conversion of convertible loan notes***
On 1 August 2012 Timeweave plc converted £2.09m of convertible debt and accrued interest into 125,995,350 shares. On 10 August 2012, Henderson Global Investors converted £0.93m of convertible debt and accrued interest into 46,543,700 shares. As at 27 September 2012, the secured convertible debt held on the balance sheet is £0.9m.

***New loan facility***
DCD Media plc has entered in to a new facility with Coutts and Co bank. The facility is for £1.2m, incurs interest at 3.5 per cent. above Libor and is repayable by 30 November 2014 in quarterly instalments. The balance as at 27 September 2012 is £1.08m.

***Changes in directorate***
On 4 July 2012, David Craven and Richard McGuire were appointed to the board of DCD Media plc, as Non Executive Directors.

On 21 September 2012, Neil McMyn and Andrew Lindley were appointed to the board of DCD Media plc, as Non Executive Directors.

***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 exit the Group on 31 December 2011. The key terms of this agreement were that the team continued to work towards the end of the financial year ended 31 December 2011, ensuring that ongoing and known business was unaffected. The Done and Dusted management agreed to transfer its currently held shares, amounting to 12.4% of the current issued share capital at 31 December 2011, towards a nominated DCD Media employee share trust.

## Notes to the interim financial statements (unaudited)

The fair value of the shares is shown in the financial statements for the period ended 30 June 2012 under 'assets held for sale' and are currently shown with a value of £83k (2011: £nil). In July 2012, the transaction to transfer the shares occurred and subsequently the assets held for share were reduced to £nil.

### 6. Publication of non-statutory accounts

Copies of the Interim Financial Statements are available from the registered office of DCD Media plc or from the website – www.dcdmedia.co.uk. The address of the registered office is: One America Square, Crosswall, London EC3N 2SG.