

Embargoed: 0700hrs, 30 September 2010

DCD Media plc

("DCD" or the "Group")

Unaudited Interim Results For The Twelve Months Ended 30 June 2010

DCD Media plc, the independent TV production and distribution group, is pleased to report unaudited interim results for the twelve months ended 30 June 2010, which include the unaudited interim results for the six months ended 30 June 2010.

Financial Highlights

- Revenue: £30.5m (2009: £34.5m)
- Gross profit: £8.6m (2009: £8.7m)
- Adjusted EBITDA: £2.3m (2009: £3.0m)
- Adjusted Profit Before Tax: £2.0m (2009: £2.4m)
- Profit After Tax: £4.5m (2009: £0.7m)
- Adjusted Basic Earnings Per Share: 3.37p (2009: nil)
- Long term liabilities reduced by £4m to £5.7m

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

Operational Highlights

- Major post balance sheet event: Formation of new production division, DCD Factual, to focus DCD's increasing presence in the factual genre under one umbrella and maximise the synergies of multiple factual production brands within the Group
- Raft of new Factual commissions won, including programming for a number of BBC channels
- Done and Dusted had one of their busiest periods to date and confirms that all recurring large scale events that Done and Dusted usually produces, or has taken on board in the last 12 months, are anticipated to return in the next calendar year
- September Films USA had three major series airing simultaneously on three major US cable channels to high audience ratings
- September Films UK completed production on the new series of the BAFTA winning children's show, **Richard Hammond's Blast Lab**
- DCD Publishing delivered its first range of toy products into the retail markets including a range of science toys associated with **Richard Hammond's Blast Lab** and a new soft toy, **Puppy Love**, singing Donny Osmond's original iconic hit
- DVD label, Digital Classics, released more titles per month than ever before and is set to

accelerate further in the run up to Christmas

David Elstein, Chairman of DCD Media, commented,

“We have continued the process of streamlining the Group taking £450,000 out of overheads and extracting more profit from all our activities. Despite a decline in turnover, improved margins have allowed us to maintain 2009’s level of gross profit. Adjusted profit before tax is down 17% but profit after tax has improved by 14%. The balance sheet has been significantly strengthened by the sharp reduction in debt levels, and the Group continues to build the international dimension of its business.”

For further information please contact:

John McIntosh, Finance Director
DCD Media plc
Tel. 020 7297 8000

Ben Simons
M: Communications
Tel. 020 7920 2340

Jeremy Ellis or Chris Clarke
Evolution Securities
Tel. 020 7071 4300

Chairman's Statement

I am pleased to present the results for the Group for the twelve months ended 30 June 2010. These are the first accounts to reflect DCD’s new reporting calendar which now aligns with the calendar year. Whilst the challenges presented by the decline in domestic programme commissioning have not relented, we are pleased with the Group’s resilience during the period.

We have continued to play to our strengths and to adjust the shape of the Group and its output accordingly. As such, as the factual genre increasingly dominates television on both sides of the Atlantic, DCD has today announced the formation of DCD Factual to focus the Group’s already formidable presence in the factual genre under one unified umbrella, and maximize the synergies of multiple factual production brands within the Group.

DCD now presents the international broadcasting community with clear sight of three distinctive production genres: September Films UK & USA, who are leading producers of reality television and formats, Done and Dusted, one of the world’s foremost producers of live music, entertainment and event programming and thirdly our newly formed DCD Factual division, an increasingly high volume genre for DCD.

We have continued to build the Distribution division, through the exploitation of ancillary rights and third party distribution and I am particularly pleased to note the progress of the Publishing division which has launched a number of products into the retail markets during the period.

Financial Review

Revenues for the twelve months to 30 June 2010 were £30.5m. Domestic UK sourced work accounted for approximately 38%, international production 41%, and programme distribution and exploitation of ancillary rights accounted for the remaining 21%. Adjusted profit before tax was £2.0m, resulting in earnings per share for the period of 3.37p. The Group’s statutory profit after tax was £4.5m (2009: £0.7m) including the significant gain on the reduction of convertible loan note debt (£3.7m) achieved during November 2009.

The reduction in adjusted profit before tax, from £2.4m for the year ended 30 June 2009 to £2.0 million for the period in question, takes into account one large single licensing transaction which

took place in the latter part of 2008. When compared like for like the trading has shown a steady performance, in spite of the lower momentum in the latter part of 2009. The overall performance for the year has benefited from the continued streamlining of the business. The re-organisation which occurred in the six months to June 2010 allowed significant savings to be made across the company back office areas. The factual businesses of West Park Pictures and Prospect Pictures, now all under one roof as streamlined DCD Factual, delivered a steady performance in one of the toughest ever markets for domestic television production.

September Films USA has delivered another strong performance in the period reflecting its consistent success within the US market. The group has also benefited from stability within the music and events market with Done and Dusted continuing to build on its returning projects. 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 strongest portfolio into the end of 2010.

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:

| | £m | £m |
|---|------------|------------|
| | 2010 | 2009 |
| Operating profit per statutory accounts | 0.8 | 1.0 |
| Add: Amortisation of intangibles and Trade Names/ Amortisation relating to viewing rights of programmes commissioned by third parties | 1.2 | 1.6 |
| Add: Depreciation | 0.1 | 0.1 |
| | ----- | ----- |
| EBITDA | 2.1 | 2.7 |
| Add: Restructuring costs | 0.2 | 0.3 |
| | ----- | ----- |
| Adjusted EBITDA | 2.3 | 3.0 |
| Less: Net interest costs | (0.2) | (0.5) |
| Less: Depreciation | (0.1) | (0.1) |
| Adjusted PBT | 2.0 | 2.4 |
| | ----- | ----- |

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 £2.0m (2009: £2.4m).

Balance Sheet highlights

At the prior year end total convertible loan debt stood at £9.9m. However, the convertible debt liability was substantially reduced on 30 November 2009 following the cancellation of £6.9m of debt in return for cash and loan notes. The company now benefits from a substantially reduced interest cash cost. The total convertible loan debt at 30 June 2010 stood at £3.0m, whilst bank debt, provided by Coutts & Co. has reduced in the period by £0.5m to £2.5m. The Group aims to continue to reduce its debt over the balance of 2010.

Cash on hand at the period end stood at £4.9m (2009: £1.8m), a significant proportion of which is cash tied up in production.

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 year. Adjusted earnings per share are disclosed in the notes below.

Outlook

We have continued our efforts to streamline the Group in order to deliver more profitable programming, whilst positioning DCD to grow its international business, in what is a challenging domestic trading environment. The management has a clear mandate to increase the proportion of Group revenues from international markets, particularly from the USA, over the coming twelve months and every effort is being made to grow DCD's footprint overseas in each of our divisions. As an independent business, with three distinctive production genres and a vertically integrated distribution engine, DCD is positioned for growth and value delivery.

David Elstein
Chairman

Chief Executive's Review

I am pleased to provide a review of activity within the Group during the first twelve months of the financial period.

Production

Formation of DCD Factual division

DCD Media is pleased to announce the formation of a new production division, DCD Factual, alongside a raft of new UK TV commissions in the factual genre.

DCD Factual will focus DCD Media's already formidable presence in the factual genre, comprising established producers *Prospect Pictures*, *Prospect Wales*, *West Park Pictures* and *West Park West*, who will continue to operate as individual brands with their unique style and output, but under the DCD Factual umbrella.

The new structure is designed to take advantage of the synergies and economies of owning a number of successful production brands by consolidating the production management and back office functions into a centralised DCD Factual operating unit, thereby increasing profitability. The directors believe the strategy will accelerate international expansion of the Group's wholly-owned factual production entities under one unified umbrella, particularly in the USA, as part of DCD Media's increasing drive into the lucrative American television entertainment market which now contributes approximately one-third of Group revenues. The Group understands the need to seek out, retain and incentivise its best talent, supported by a lean and efficient back office and will continue to do so across the Group.

New DCD Factual commissions

The formation of DCD Factual comes as the Group has secured a major 6-part health and pregnancy documentary series for BBC3 (as yet untitled), devised by Prospect's Executive Producer, Sam Bickley, and now in production within the newly formed DCD Factual division. The new division is also in production on several other programmes including BBC4's one-hour special **Keith Douglas - A Poet at War**, and the 2x60' **Passion of Port Talbot** for BBC Wales, both produced by Prospect, as well as the one-hour **Punchdrunk's Duchess of Malfi** produced by West Park Pictures for More 4. Other ongoing productions notably include a large series of short films for BBC1's **The One Show**.

DCD Factual Appoints Creative Director

DCD is delighted to appoint Charles Thompson as Creative Director of the new division, DCD Factual.

Charles Thompson, who starts at the helm of the new division on 1st October, is one of the UK's most successful factual television producers. His reputation for creating popular peak-time factual programming is second to none and includes producing documentaries for Channel 4's Cutting Edge series, *Crime Beat*, *Sky Cops*, *Stabbed and Cars*, *Cops & Criminals* for BBC1, *Send in The Dogs*, *Doctors & Nurses at War* and the acclaimed *Commando* documentary series for ITV, *Ship Rescue* for FIVE, *Brit Cops* for Bravo, *UK Border Force* for Sky and *Salvage Code Red* for National Geographic, among many other ratings winners.

Done and Dusted

In the midst of one of their busiest period ever, Done and Dusted staged and filmed the 2010 edition of the world's most prestigious global sports award, **The Laureus World Sports Awards**, live from Abu Dhabi. They also delivered another sold out production of the annual summer music television event, **T4 on the Beach**, on Channel 4, with its winter counterpart **T4 Stars of 2010** to follow in November. Notable concert filming included **Westlife** at the O2 Arena for Sky.

All the recurring large scale events that Done and Dusted usually produces, or had taken on board in the last 12 months, are anticipated to return in the second half, including the **MOBO Awards** for BBC3 and BBC1, **Guinness' Arthur's Day**, now an annual live music event in Dublin, and the iconic **Victoria's Secret Fashion Show** on CBS TV.

DCD Factual - Prospect Pictures

Prospect Pictures broadcasted the critically acclaimed **Autistic Superstars**, a two-part production culminating in a live event on BBC3, and a latest season of **Daily Cooks Challenge** (40x60') on ITV1, with a reversion of the series specially made for ITV3. Prospect also secured a commission for another fifty new five-minute films for the top primetime magazine show **The One Show**, a successful collaboration with BBC1 that started a year ago.

Prospect also completed production on two feature length films due to air this autumn on BBC4, including **Chopin – The Women Behind the Music**, to mark the 200th anniversary of Chopin's birth and **The Man Behind The Mask** about the life of Elgar.

Looking into the second half, the slate of productions notably includes a new documentary series for BBC, and a number of new arts films for the BBC channels.

DCD Factual - West Park Pictures

Aside from the critically acclaimed **Horses**, which gave BBC4's Storyville its highest ever ratings, the **Masterpieces** series for Sky Arts delivered its second instalment with the landmark **Emperor's Secret Garden**, which had a Royal Premiere at the British Museum in the presence of HRH The Prince of Wales.

West Park continued production on the two-part documentary **The Tallest Tower** for Channel 4 and Discovery Europe; **Last Chance to See Special: Return of The Northern White Rhino**, fronted by Stephen Fry and Mark Carwardine and co-produced with BBC Wales for BBC2; and a multi-layered, non broadcaster funded project in Abu Dhabi; it also secured a three-part series **Nature's Power Revealed** for Readers Digest and a number of new arts commissions including for Channel 4.

During the period West Park also gained high level recognition with a coveted National TV Award for **Stephen Fry in America** – an award voted by the public and as such the truest indication of the popular appeal of the programme. In addition, their innovative simulcast of **Backstage at La Boheme** for Sky Arts won a Digital Broadcast Award for Best Live Event Coverage against strong contenders including East Enders Live and Royal Ascot.

Matchlight

In just over 12 months, Matchlight, the Glasgow based Joint Venture between DCD and a group of prominent Scottish programme makers, has grown to become a leading force in Scottish

television production on the back of a raft of commissions for major UK broadcasters despite a very difficult climate.

During the period Matchlight continued to build up a strong documentary slate with the commissioning of three new films: **Behind Closed Doors**, a three part history series fronted by Amanda Vickery for BBC2; **Unequal Opportunities**, presented by John Humphrys which aired this month on BBC2; and **My Boyfriend the War Hero** for BBC3. Matchlight is also in production on **Primary School Proms**, for BBC Scotland, and has secured two series commissions from the BBC for 2011/12.

Matchlight continued production on the much anticipated six-part series **Libel** (working title), one of the most significant upcoming documentary commissions for BBC1, and **Taking The Keys Away**, a one off documentary due to air on BBC1 later this year.

Matchlight is the largest indigenous start-up to emerge in Scotland since the Scottish Broadcasting Commission published its final report in 2009.

DCD Drama

The drama division continues to run on minimal costs in favour of investment in other production and distribution areas, and this will be the case until the demand for high budget drama returns.

September Films

In the US, September had for the first time three major series airing simultaneously on three different cable channels: Season 7 of **Bridezillas**, WEtv's hit franchise, delivered record breaking ratings again, winning for the channel its best ever primetime night; Season 2 of **Billy the Exterminator** achieved a 50% ratings increase on Season 1 for A&E, and led to new commissions, including a Special on the Gulf of Mexico's oil spill, **Billy Goes To The Gulf**, that aired in July to Billy's highest ever ratings, and a new Season that has just started transmission; and finally, the brand new series **Mall Cops: Mall of America** started a 12-week run on TLC. September also won its first MTV commission with **Baby High**, a primetime special which aired post period, achieving high viewing figures as did the one off documentary **Raising Bains** for A&E.

In the UK, September completed production on the new series of the BAFTA winning children's series, **Richard Hammond's Blast Lab**, which started another successful season on BBC/CBBC shortly after the period end. The medical series **Children's Emergency** achieved both critical acclaim and ratings on BBC1, winning its slot for eight consecutive weeks. September also entered production on a new 10-part series **Sex Lessons** currently transmitting weekly on Fiver.

The outlook for the second half is very promising with a strong slate of returning series and new documentaries, particularly in the US where September continues to capitalise on its ever-growing reputation.

Distribution – comprising DCD Rights, DCD Publishing and Digital Classics

DCD Rights

DCD Rights continued to perform well during the period in a competitive TV sales market. In addition to securing substantial investment in a crop of prestigious BBC and ABC Australia dramas, the division acquired an increased number of major third party content including three large scale factual series, all deals confirming DCD Rights' reputation as a partner of choice, combining market intelligence and privileged access to funding, for major content producers around the world.

Most notably, no less than four of the division's most high profile programmes won top international awards, including BAFTA and UK National TV Awards, which came as a demonstration of the quality and popular appeal of the DCD catalogue across genres as varied as drama, factual and children's programming.

Stephen Fry In America won a National TV Award for Best Documentary; **Richard Hammond's Blast Lab** won a BAFTA for Best Presenter; **Land Girls** won a Broadcast Award for Best Daytime Series, and **Backstage at La Boheme** won a Digital Broadcast Award for Best Live Event Coverage.

Moving forward, DCD Rights is expecting delivery of a number of major shows in Q3 and Q4 2010, which bodes well for the upcoming MIPCOM market in October and the remainder of the year.

DCD Publishing

The creation of DCD Publishing at the end of 2008, as part of DCD's diversification strategy to maximise ancillary rights to television programming, proved a successful and profitable move, with third party deals with other independent producers becoming a significant part of the mix across the division's activities.

DCD Publishing continues to grow fast and has delivered strong book and comic sales for the hit series **Richard Hammond's Blast Lab**, while unveiling a range of new high profile properties at a key market, The London Book Fair, in April.

Merchandising for **Richard Hammond's Blast Lab** delivered its first range of science toys launching over the summer at top retailers such as Argos, while **Puppy Love**, a new soft toy singing Donny Osmond's original iconic hit written by Paul Anka was set for launch at key retailers. This is just one of the 6 million songs from top music publishers such as Universal, Chrysalis, peermusic and EMI, whose catalogues are now managed by DCD Publishing for lyric merchandising.

Finally the new DCD Music division, benefiting from a very good distribution network, has got off to a successful start.

Digital Classics (DVD Label and Digital Download)

DCD's wholly owned DVD label continues to build strongly, working with both DCD producers and external companies, signing catalogue deals covering both their back catalogue and new programmes across all genres.

This busy and pro-active label has released more titles per month than ever before, and the cycle is set to accelerate even further in the run up to Christmas.

The label's major release from within the Group was the West Park Pictures produced **Horses**, which received widespread critical acclaim in the media. Other notable releases from external companies included Emmy Award Documentary winner **Stephen Fry - The Secret Life of the Manic Depressive** (executive produced by Ross Wilson who has since joined the group at the helm of his new production company Matchlight); star studded **Breaking the Mould**, distributed by DCD Rights; **Gunther von Hagens** anatomy and autopsy titles, **Tony Robinson's Crime and Punishment** series and a variety of classical music titles.

Digital Classics is now preparing for the busy Christmas period with a number of exciting products, ranging from new titles which will air on television between now and Christmas alongside premium box sets and collectors editions of best selling **Stephen Fry** and **Ronnie Barker** titles.

Outlook

DCD is benefitting strongly from the renewal of major recurring programme orders across the Group. These high quality content commissions and international formats, ranging from the Victoria's Secret Fashion Show for CBS in America to Richard Hammond's Blast Lab for the BBC underpin the positive outlook for the remainder of 2010. The individual management teams across the group have developed their business areas to adapt to the new challenges. I am extremely encouraged by the evolution of the Group's management and our ability to bring in

talent, which combined with the incremental flow of new business being produced or distributed by DCD around the world, positions us well to capture a larger slice of a vast international commissioning pool within the entertainment market.

David Green
Chief Executive Officer

DCD Media plc
 Condensed Consolidated Interim Financial Statements for the period ended 30 June 2010

Consolidated Statement of Comprehensive Income (unaudited) for the 12 months ended 30 June 2010

| | | 12 months to 30 June 2010 | Year to 30 June 2009 |
|--|------|--|----------------------------|
| | Note | £'000 | £'000 |
| Revenue | | 30,465 | 34,516 |
| Cost of sales | | (21,839) | (25,861) |
| Gross profit | | 8,626 | 8,655 |
| Selling and distribution expenses | | (85) | (63) |
| Administration expenses: | | | |
| - Other administrative expenses | | (6,687) | (6,499) |
| - Amortisation of trade names | | (988) | (988) |
| Total administrative expenses | | 7,675 | (7,487) |
| Other expenses – restructuring costs | | - | (94) |
| Operating profit | | 866 | 1,011 |
| Other comprehensive income - Gain on convertible loan cancellation | 2 | 3,695 | - |
| Finance costs | | (159) | (561) |
| Profit before taxation | | 4,402 | 450 |
| Taxation - current | 3 | 74 | 229 |
| Profit for the period | | 4,476 | 679 |
| Basic profit per share | 4 | 7.73p | 1.27p |
| Diluted profit per share | 4 | 6.23p | 0.77p |
| Adjusted basic profit per share | 4 | 3.37p | - |
| Adjusted diluted profit per share | 4 | 2.82p | - |

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 2010

| | 30 June 2010 | 30 June 2009 |
|------------------------------------|-----------------|-----------------|
| | £'000 | £'000 |
| Assets | | |
| Non-current | | |
| Goodwill | 16,249 | 16,249 |
| Other intangible assets | 11,308 | 11,915 |
| Property, plant and equipment | 184 | 114 |
| | 27,741 | 28,278 |
| Current assets | | |
| Inventories | 184 | 210 |
| Trade and other receivables | 9,344 | 6,975 |
| Cash and cash equivalents | 5,408 | 1,845 |
| | 14,936 | 9,030 |
| Liabilities | | |
| Current liabilities | | |
| Bank overdrafts | (528) | - |
| Bank and other loans | (927) | (9,686) |
| Trade and other payables | (11,282) | (8,908) |
| Obligations under finance leases | (11) | - |
| Provisions | (898) | (84) |
| | (13,646) | (18,678) |
| Non-current liabilities | | |
| Bank and other loans | (5,732) | - |
| Obligations under finance leases | (4) | (14) |
| Deferred tax liabilities | (2,074) | (2,213) |
| | (7,810) | (2,227) |
| Net assets | 21,221 | 16,403 |
| Equity | | |
| Called up share capital | 6,569 | 5,806 |
| Share premium account | 48,910 | 49,100 |
| Equity element of convertible loan | 97 | 328 |
| Merger reserve | 6,356 | 6,356 |
| Retained earnings | (40,711) | (45,187) |
| | 21,221 | 16,403 |

Consolidated Statement of Cash Flows (unaudited) for the 12 months ended 30 June 2010

| | 12 months to 30 June 2010 | Year to 30 June 2009 |
|---|---------------------------------|----------------------------|
| | £'000 | £'000 |
| Net cash flows from operating activities | 3,619 | 6,329 |
| Investing activities | | |
| Acquisition of joint venture | - | - |
| Purchase of property, plant and equipment | (101) | (10) |
| Purchase of intangible assets | (440) | (6,233) |
| Sale proceeds of property, plant and equipment | - | 7 |
| Net cash flows used in investing activities | (541) | (6,216) |
| Financing activities | | |
| Issue of ordinary share capital | - | - |
| Repayment of finance leases | (1) | (10) |
| Repayment of loans | (2,980) | (1,700) |
| New loans raised | 2,938 | 363 |
| Net cash flows (used in)/from financing activities | (43) | (1,347) |
| Net increase/(decrease) in cash | 3,035 | (1,254) |
| Cash and cash equivalents at beginning of period | 1,845 | 3,099 |
| Cash and cash equivalents at end of period | 4,880 | 1,845 |

Statement of Changes in Equity

| | Share capital £000 | Share premium £000 | Equity element of convertible loan £000 | Merger reserve £000 | Retained earnings £000 | Total equity £000 |
|--|--------------------------|--------------------------|---|---------------------------|------------------------------|-------------------------|
| Balance at 1 July 2008 | 5,772 | 49,077 | 328 | 6,356 | (45,866) | 15,667 |
| Profit for the period | - | - | - | - | 275 | 275 |
| Shares issued | 34 | 23 | - | - | - | 57 |
| Balance at 31 December 2008 | 5,806 | 49,100 | 328 | 6,356 | (45,591) | 15,999 |
| Profit for the period | - | - | - | - | 404 | 404 |
| Balance at 30 June 2009 | 5,806 | 49,100 | 328 | 6,356 | (45,187) | 16,403 |
| Profit for the period | - | - | - | - | 4,476 | 4,476 |
| New Shares issued | 763 | - | - | - | - | 763 |
| Refinancing cost taken to Share Premium | - | (190) | - | - | - | (190) |
| Reduction in convertible loan | - | - | (231) | - | - | (231) |
| Balance at 30 June 2010 | 6,569 | 48,910 | 97 | 6,356 | (40,711) | 21,221 |

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 151 Wardour Street, London W1F 8WE. 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 29 September 2010.

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 year ended 30 June 2009 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 12 months ended 30 June 2010. 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 30 June 2009.

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

Notes to the interim financial statements (unaudited)

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.

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.

| | Year to 30 June 2010 £'000 | Year to 30 June 2009 £'000 |
|---|-------------------------------------|-------------------------------------|
| Profit/(loss) attributable to ordinary shareholders | | |
| Basic | 4,476 | 679 |
| Adjusted basic excluding extraordinary gain | 1,952 | - |
| Dilution | 138 | - |
| Basic diluted | 4,614 | 679 |
| Adjusted diluted excluding extraordinary gain | 2,090 | - |
| Weighted average number of shares in issue | | No. '000 |
| Basic | 57,913 | 53,368 |
| Dilution | 16,207 | 34,594 |
| Diluted | 74,120 | 87,962 |
| Per share amount (pence) | | |
| Basic | 7.73 | 1.27 |
| Diluted | 6.23 | 0.77 |
| Adjusted basic excluding extraordinary gain | 3.37 | - |
| Adjusted diluted excluding extraordinary gain | 2.82 | - |

Condensed Consolidated Interim Financial statements for the period ended 30 June 2010

Notes to the interim financial statements (unaudited)

5. 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.