DCD MEDIA PLC
ANNUAL REPORT 2009

CONTENTS

FINANCIAL HIGHLIGHTS

DCD Media plc

("DCD" or the "Group")

Final Results for the Year Ended 30 June 2009

DCD Media, the independent TV production and distribution group, is pleased to report results for the financial year ended 30 June 2009.

Financial Highlights

Revenue	**£34.5m**	(2008: £34.0m)
Gross profit	**£8.7m**	(2008: £4.9m)
Adjusted Profit Before Tax (note 1)	**£2.4m**	(2008: £2.6m)
Profit before Tax (note 2)	**£0.5m**	(2008: Loss £25.4m)
Adjusted EBITDA (note 3)	**£3.0m**	(2008: £3.8m)

Refer to table within the Financial Review section below for a reconciliation of the adjustments:

Note 1: Profit Before Tax result adjusted for restructuring cost (Legal £0.2m and restructuring £0.1m), non cash related amortisation (£1.6m)

Note 2: Statutory profit before tax as reflected on the face of the Income Statement

Note 3: Adjusted EBITDA equals EBITDA excluding restructuring costs

OPERATIONAL HIGHLIGHTS

- Strategy of expansion into US production market proving highly successful with approximately 35% of revenues now coming from the North American markets, principally the USA – currently in simultaneous production on three series for three separate major US broadcasters
- Launched Scottish production company, Matchlight, with leading Scottish producers – has already won commissions from major broadcasters
- Launched Irish production arm of West Park Pictures – has already won commissions including for the national broadcaster
- DCD Rights private equity-backed fund gaining momentum – expect activity to increase in 2010 as production environment improves
- Reinforced broad intellectual property strategy with Digital Classics DVD label releasing 20 titles with 75% of these on behalf of third party producers
- DCD Publishing actively exploiting ancillary rights to third party and DCD-generated programming

Major Post Balance Sheet Events

- Successful refinancing of Group debt with Coutts & Co. leading to a significant reduction in debt liability and three year extension of maturity on remaining loan notes
- Appointment of David Green as Chief Executive Officer
- A further $13.8m of US generated business won post year-end relating to the new financial year

David Elstein, Chairman of DCD Media, commented,

"The Group has demonstrated extraordinary resilience during a challenging period for the TV production industry. The vertically integrated model of DCD and the breadth of our production genres affords us the versatility to focus on profitable activity whilst minimising our costs in weaker areas.

To have weathered that tough environment and emerged with a stronger balance sheet, a geographically expanded group, achieved with minimal capital expenditure, and a growing foothold in the lucrative US production market is a testament to the determination of our team."

CHAIRMAN'S STATEMENT

I am pleased to present the results for the Group for the twelve months ended 30 June 2009. In arguably the toughest environment for television production of the last decade DCD has demonstrated extraordinary resilience recording relatively flat operating result over the prior year at the adjusted Profit before Tax level. It is both the breadth of production genres and our vertically integrated model that underpins this performance. For example, a weak commissioning environment may offer greater opportunities in the distribution of pre-produced content owned or controlled by DCD Rights, pressure on production margins may be offset by exploiting every aspect of intellectual property such as DVD and ancillary rights, a reduction in broadcaster spend on drama may be offset by an increase in higher volume, lower cost documentary or factual entertainment series production and, perhaps most characteristically of the year under review, a growing footprint in the USA can mitigate a more hostile domestic television market.

Financial Review

Revenues to 30 June 2009 were £34.5m, up £0.5m on the previous year's £34.0m. With domestic UK sourced work accounting for approximately 52%, international production 30%, and programme distribution and exploitation of ancillary rights accounting for the remaining 18%.

The profit for the year has benefited from the continued push into the ancillary rights areas such as merchandising and publishing. The re-organisation which occurred prior in the first half of the year allowed significant overhead savings to be made across occupancy and back office areas. The Group's statutory profit before tax was £0.5m (2008: Loss £25.4m).

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

In normalising Profit Before Tax ("PBT") and Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA"), the Group does not add back all its amortisation charges. There are various ways to reflect the non-cash amortisation charges, but the Group believes that where there is a direct cash cost related to earnings this type of related amortisation charge should not be added back. This primarily refers to amortisation of long-term television drama production. The Group continues to capitalize its intellectual property in line with the release of revenue from such investments.

A reconciliation of the Group's Adjusted PBT and EBITDA is shown below:

	£m 2009	£m 2008
Operating profit/(loss) per statutory accounts	**1.0**	**(24.4)**
Add: Amortisation of intangibles	7.2	9.0
Add: Impairment of goodwill/related intangibles	–	18.20
Add: Impairment of programme rights	–	2.3
Add: Depreciation	0.1	0.2
EBITDA	**8.3**	**5.3**
Less: Amortisation relating to viewing rights of programmes commissioned by third parties	(5.6)	(3.3)
EBITDA	**2.7**	**2.00**
Add: Integration costs expensed	–	0.5
Add: Restructuring costs (legal and statutory)	0.3	1.3
Adjusted EBITDA	**3.0**	**3.8**
Less: Net interest costs	(0.5)	(1.0)
Less: Depreciation	(0.1)	(0.2)
Adjusted PBT	**2.4**	**2.6**

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 £2.4m (2008:£2.6m).

Balance sheet highlights

At the year end total convertible loan debt stood at £9.9m (2008: £11.5m) however, the 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 new senior bank loan from Coutts & Co. of £3.0m, provided on normal commercial terms, and repayable over three years in equal quarterly instalments. The balance of the loan is being used to increase working capital within DCD. The remainder of the convertible debt is £2.9m redeemable in November 2012 if not previously converted at the fixed price of 18p.

The change in the company's debt leverage since the year end is significant. Before the re-finance described above, net debt stood at a multiple of, approximately, 3.7 times adjusted profit before tax. The multiple reflected in these results is now, approximately, 2.5 following the recent refinance. By the end of 2010, the Group is targeting a further reduction.

CHAIRMAN'S STATEMENT

Cash on hand at the year end stood at £1.8m (2008: £3.1m)

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 dividend is proposed for the year. Earnings per share are disclosed in the notes below.

Board Changes
On behalf of the board we are delighted to appoint David Green as Group Chief Executive Officer. David had previously been holding the position of Chief Creative Officer and Acting Chief Executive since November 2008 and has demonstrated that he is unquestionably well suited to lead the Group into its next phase of growth which we anticipate will, in large part, feature a continued push into America where David has made excellent progress in recent months. David has worked in the television industry for 38 years, as a prolific director and producer of popular programming and films, and the head of a major production business. He is experienced and well liked in both the UK and US television communities.

Group Structure
Further improvements have been made to the structure of our operating businesses to take advantage of synergies wherever possible, minimise overheads and ensure that we are playing to our strengths.

Production:
Drama production activity is now driven by the newly branded DCD Drama whilst arts programming is largely split between West Park Pictures, our documentary and arts specialist, and Prospect Pictures, the factual and formats producer. September Films is a formidable force in the production of factual entertainment, documentary and reality series on both sides of the Atlantic from offices in West London and Hollywood (September Films USA). Done and Dusted continues to be regarded as the pre-eminent music and staged events producer in the world. And finally, the most recent addition to the DCD production family was the establishment, in March 2009, of Matchlight, a venture with a group of leading Scottish producers specialising in factual programming in Glasgow.

Distribution:
Distribution comprises DCD Rights with over 2,500 hours of programming produced either by DCD companies or third party producers and, since August 2008, access to a rolling £10m private equity-backed fund for the investment in third party distribution rights. In September 2008 the distribution division launched DCD Publishing to take advantage of book publishing, merchandising and licensing of ancillary rights and the division's own DVD label, Digital Classics, handles DVD distribution for DCD produced material and third party producers.

Outlook
Notwithstanding the challenging environment facing all UK independent producers, DCD is in its best shape to date. We have a group of high quality production brands and talented individuals, sharing overheads, and a distribution division that is maximising the value of every aspect of their programming rights and those of other producers. Thanks to considerable efforts by the board and the willing shown by our stakeholders we are going into 2010 with manageable debt, stronger working capital and an increasingly profitable business.

In the UK the group is suffering, along with every other independent producer, from a slowdown in commissioning activity particularly in high budget areas such as television drama, which has historically been a major contributor to group performance. However, as confidence returns to the market, we expect broadcaster-spend on such areas to improve and DCD Drama will be poised to take advantage of the resurgence.

Perhaps of most significance looking ahead is that 35% of annualised revenues are now coming from North America, predominantly in US TV production and, for the first time in our history, we are in simultaneous production on three major series for three major US broadcasters out of our Los Angeles office. What is exciting about this is we are merely scratching the surface of a vast commissioning pool in the USA where we are gaining momentum.

I would like to thank my board colleagues and every member of the DCD team for their hard work that has enabled the Company to demonstrate the resilience shown in these results. In particular I would like to thank the Chief Financial Officer, John McIntosh, for his role in completing the refinancing of debt last month and finally, our Chief Executive, David Green, who is driving the push into America with tremendous success.

David Elstein
Chairman

CHIEF EXECUTIVE'S REVIEW

DCD is shaped in such a way as to mitigate dependence on any one programme genre and to retain the upside of all of our intellectual property. An integrated business with shared overheads allows us the flexibility to allocate resources to the most profitable activity at any one time. The Group may continue to broaden its genres either organically or through acquisition as well as expand internationally as it has done with success and minimal investment in the USA, Ireland and Scotland in recent months. I am pleased to provide a review of activity within the Group.

PRODUCTION

Done and Dusted

Done and Dusted is one of the world's foremost independent producers of concert and staged events. During the year Done and Dusted has made great strides in diversifying its output for example with the transmission of its first interactive youth facing series **101 Challenges** on C4, the production of a groundbreaking series of **mobisodes** for Nokia's pioneering mobile TV channel, and a number of new commissions in the lucrative field of ad-funded programming.

Revenues from Done and Dusted are underpinned by a number of large, high profile recurring events such as **The Victoria's Secret Fashion Show** (staged and filmed by Done and Dusted) which transmitted on America's number one network CBS on Dec 3 2008, watched by 8.7m viewers, making it the highest rated programme for adults (18-49) on CBS TV and **T4 On The Beach**, the annual C4 flagship show broadcast live and repeated throughout the year on C4/E4.

During the year Done and Dusted filmed international acts such as **Mika, Stevie Wonder, Coldplay** and **Neil Diamond's** shows at Madison Square Garden, the latter transmitting after the year end to top ratings on primetime CBS TV.

With pressure on broadcaster-spend on commissioning in the current environment Done and Dusted has sought to mitigate the effects by pursuing, with success, various advertiser-funded events, both during and post year end, such as **F1 Rocks Singapore,** a three-day live mega concert held in conjunction with the Formula One night race in Singapore (ad-funded by LG for Universal), featuring performances from No Doubt, Black Eyed Peas, Beyoncé, N*E*R*D, ZZ Top and Simple Minds and **Guinness' worldwide 250th Anniversary celebration** (ad-funded for Guinness) with non-stop live performances including Tom Jones, Estelle, Kasabian, Razorlight, Sugababes, Jamie Cullum and David Gray, streamed across bars and pubs worldwide and in the UK on PubTV.

Done and Dusted has been extremely active since year end, with September 2009 its busiest month to date staging or filming no less than five high profile live music events including **Coldplay** at Wembley Stadium and Barcelona. Other post year end business has included the **MOBO Awards 2009** in Glasgow, broadcast live on the BBC, **Green Day** live concert for MTV, **A Christmas Carol** for Sky Movies' launch of the Disney movie across various locations in London and last month's **T4 Stars of 2009** live on C4, which followed on from the annual success of **T4 On The Beach** with the launch of a new winter live music event that may become another recurring show for the Group. Done and Dusted will also be filming Miley Cyrus at the O2 for a two hour special.

DCD Drama

All DCD drama development and programming is now generated by the newly branded DCD Drama, incorporating Box TV. This area, traditionally producing low-volume, high-budget output has suffered more than any other area in the Group, with continued programme slippage during the dry spell of broadcaster-spend on high budget drama. DCD has reduced the costs associated with this division accordingly though we expect it to return to prominence as confidence returns to the broadcasters.

Prospect Pictures (Prospect)

Prospect Pictures, DCD's factual and formats specialist, enjoyed a period of increased activity from its London and Cardiff production offices. Revenues are underpinned by a high volume, low cost recurring programme flow including **Daily Cooks Challenge**, which transmitted its third season during the year featuring 50x60' episodes and **Christmas Cooks Challenge,** both for ITV1. Prospect received a commission for the fourth season of **Daily Cooks Challenge** post year end in October 2009. Growth in the year has come largely from an increase in new factual and arts programme production for multiple broadcaster clients – both one-offs and series - including **The Road to Glory** for BBC Films, **RAF at 90** for BBC2, **My Brilliant Britain** (10x30') for Blighty, **Fix My Fat Head, Rock and Roll Hotel** (3x40') and **Tourettes: I Swear I Can't Help It,** all for BBC1 as well as a 30 episode-strong series of short films for the **ONE SHOW** (BBC1) with double the amount commissioned for delivery next year.

CHIEF EXECUTIVE'S REVIEW

Alongside West Park Pictures, Prospect contributes to the Group's production of arts programming output. Productions in this genre for Prospect during the year have included **Do It Yourself: The Story Rough Trade** (Broadcast Award nominated) and **A Poet's Guide to Britain** (6x30'), both for BBC4 with ancillary rights to the latter now being exploited by DCD Publishing and Digital Classics (DVD). The increase in arts programming continued post year end with the commissioning of two feature length arts documentaries for BBC4 for transmission next spring - **Chopin and the Nightingale** and **Elgar The Outsider.** The surge in factual programming activity at Prospect prompted the expansion of the senior creative team during the year.

September Films (September)

September Films is enjoying tremendous momentum in primetime factual entertainment, documentary and reality format programming on both sides of the Atlantic, particularly in the US during and post year end.

September produced its first original real life series for US broadcaster A&E, **The Exterminators,** which premiered in January 2009. Following the success of Season 1 (13x30') September received a commission post year end to produce 20x30' new episodes to air in 2010. September's sixth season of WE's hit series **Bridezillas** transmitted during the summer, leading to a commission post year end for Season 7 of the US network's all-time highest rated series. The order brings the **Bridezillas** franchise to 127 hours – to be distributed internationally by DCD Rights. The first 102 hours have so far sold to over 50 territories, making **Bridezillas** DCD's biggest selling international brand ever. A further triumph in the US markets followed September's production of a one-hour pilot behind-the-scenes real-life documentary, **Mall Cops: Mall Of America,** which post year end led to the commissioning by US cable network, TLC, for a whole 12x30' first season.

September further cemented its reputation as the world's preeminent producer of high profile human interest documentaries with **The Pregnant Man** production, winning US commissioning broadcaster, Discovery Health US, its highest audience of the year. The division received an incredible raft of new commissions in this genre both during, and since the year end, including **Deaf And Blind Triplets** for Discovery Health US, **Growing Without A Face** for Five, **The World's Heaviest Man Gets Married** for Five and TLC, **China's Elephant Man** for National Geographic, **Half Ton Son** and **Britain's Conjoined Twins: Faith & Hope** for C4 and National Geographic, **Conjoined Twins: Sister Bond, Child Frozen in Time, Marlie's New Face: 4 years On, 650 lb Virgin** and **650 lb Virgin: The Weight is Over** all for TLC

September has demonstrated its diversity by breaking into the lucrative children's programming genre with a hit first season of **Richard Hammond's Blast Lab** for CBBC/BBC2. Following the ratings success CBBC commissioned a second season during the year under review to bring the current total to 52 episodes. The division also received critical acclaim for its 4x60' documentary series **Alan Whicker's Journey of a Lifetime** for BBC2 and was commissioned by BBC1 to produce a new primetime documentary series, **Children's Emergency** (8x30').

It is worth noting the breadth of broadcasters whom September now counts as clients demonstrating that we are not dependent on any single customer for the bulk of our work and the growing reputation of the production company is spreading among a wide pool of commissioners.

In light of the volume of production activity within September and the opportunities that continue to flow in its direction, we were pleased to add Steve Carsey (former Endemol and Mentorn) to the team as Creative Director, Entertainment. Steve has a formidable reputation in creating, developing and producing innovative formatted entertainment, popular factual, reality and event programming and will add value to the business.

West Park Pictures (West Park)

West Park's relationship with Stephen Fry led to further high quality programme output with the series **Stephen Fry in America** featuring in the top 10 of 2008's most viewed factual shows on UK television and Stephen Fry's **Last Chance To See** (6x60' BBC2) airing primetime BBC2. West Park has expanded both geographically, with the opening of West Park West in Dublin in April 2009 and in its range of genres with wildlife, sports and even live broadcast activity during the year. The strategic move to gain a footprint in the Irish television market is bearing fruit following the delivery of several projects, mainly for the national broadcaster RTE, including the award nominated documentary, **Horses,** and two-part documentary, **The Invincibles.** West Park has also continued an enduring relationship with German director Werner Herzog who directed a highly acclaimed short film based on an aria of **La Boheme** for Sky Arts' 2009 Opera Season. The division delivered an 8x30' behind the scene doc series **Theatreland** to Sky Arts, along with groundbreaking 'simulcasts' of two high profile opera productions, **La Boheme** (live from the English National Opera) and **L'Elisir D'Amor** (live from Glyndebourne Festival) which transmitted simultaneously on Sky Arts and Sky Arts HD. The success of these productions has led to discussions with Sky Arts regarding more similar programming.

CHIEF EXECUTIVE'S REVIEW

The nature of West Park's area of programming offers opportunities to mitigate the slowdown in UK commissioning activity by deriving certain revenues from non-broadcast sources such as The Prince's Charities, for whom there are several programmes in production. This trend has continued since the year end and West Park is currently focusing on a number of further potential non-broadcaster projects, including a major museum project in the Middle East.

Matchlight
In March 2009 DCD joined forces with a group of six of Scotland's leading programme makers to establish Matchlight, a major new production company based in Glasgow, Scotland. Matchlight specializes in documentary, specialist factual and factual entertainment programme making. This was a strategic move to capture opportunities arising from the public service broadcasters' commitment to increase programme supply from the nations and regions of the UK. The BBC has undertaken to increase programming originated from Scotland from 3% of its total original television output in 2008 to at least 8.9% by 2016.

The strategy is paying off as Matchlight has already secured several factual commissions for major UK broadcasters including BBC1, BBC2 and C4. The new production company's first documentary production **The Exhumer** aired primetime on Channel 4. Matchlight has since entered production on three new programmes; a major six-part primetime series **Libel Britain** for BBC1 (details of which remain under wraps); and one off documentaries **Mind The Gap** for BBC 2, fronted by John Humphrys, and **Taking The Keys Away** for BBC1. The pipeline for 2010 is positive – Matchlight is currently developing projects with ITV, Channel 4, Five and BBC. Matchlight is receiving funded development support from both Channel 4 and the BBC.

DISTRIBUTION – COMPRISING DCD RIGHTS, DCD PUBLISHING AND DIGITAL CLASSICS
DCD Rights
The distribution engine of DCD Media is powering along at great pace, exploiting both the international programming rights of DCD companies and, increasingly**,** those of independent producers who are recognising DCD Rights as the partner of choice for handling their own content. A weaker commissioning environment tends to lead to increased spend on content that is already made. That DCD Rights has enjoyed a healthy year in tough trading conditions is evidence of this trend and unequivocally supports the rationale for a vertically integrated group.

Human interest documentaries, such as those made by September Films (eg. **The Pregnant Man** or Prospect Pictures (eg. **Tourettes: I Swear I Can't Help It,** are particularly saleable around the world**,** so the ability to arrive at international television markets with a raft of programming to offer in that genre, and a known pipeline of new material, is a real competitive edge. Likewise, DCD Rights controls valuable rights to hugely popular series such as **Bridezillas,** whose first 102 hours have so far sold to over 50 territories with the franchise shortly to increase to 127 hours, and **Stephen Fry in America,** which proved immensely popular at the Cannes television market last autumn.

DCD Rights has continued to broaden its catalogue with a wide array of new programmes from cutting edge factual entertainment to live music from the world's hottest musicians to dramas and children's entertainment. At the latest TV sales market held in Cannes in October 2009, DCD Rights arrived with a substantial slate of new shows produced by both DCD in-house and independent producers, cementing deals for **Richard Hammond's Blast Lab** in Asia, Australia and New Zealand as well as **Last Chance To See** and **45 Stone Virgin** in Europe, Japan and Australia. In the live music genre, where DCD Rights is the distributor of choice for many programme makers, new titles including **Pink: Funhouse, Take That,** and **Kings Of Leon** sold in the US, UK, Latin America, Australia and Europe.

In September 2008, DCD Rights became involved with a potentially highly valuable private equity backed fund for the purpose of acquiring programme rights. With this war-chest of a rolling £10m of third-party capital, DCD Rights is able participate in the production financing of in-house and independent programming in return for control of the international distribution rights. A series of deals have been completed, predominantly post year end, and DCD Rights has been able to acquire rights in some very valuable product including **Land Girls** for BBC1, **Breaking the Mould** for BBC**4**, **A Model Daughter** for Australia's **Screentime, Half Ton Teen** for **Megalomedia** and **CollegeHumor** for **Remote Productions**. As the commissioning environment improves so too should the volume of capital advanced against programme rights. We view this as a unique and extremely positive advantage to DCD Rights' offering, the benefits of which should filter through during the current financial year.

CHIEF EXECUTIVE'S REVIEW

DCD Publishing

Ancillary rights to television programming such as licensing, merchandising and book publishing are often under-exploited. This was the basis, in September 2008, for DCD to establish a publishing division in order to maximise the potential of every aspect of intellectual property – both our own and that of other producers. DCD Publishing is led by Adrian Sington, a TV tie-in publishing expert, formerly Managing Director of Boxtree, Chairman of Virgin Books and Vice-Chairman of Virgin Animation.

Since creation DCD Publishing has grown its portfolio of brands to encompass three main areas: Television **(Richard Hammond's Blast Lab, Stephen Fry in America),** Animation **(Suzy's Zoo)** and Music merchandising (representing some of the world's leading music publishers Universal Music Publishing, peermusic, Chrysalis Music Publishing), a division run by Head of Licensing and Music Merchandising, Michael Gottlieb, appointed in May 2009.

With a publishing deal for the TV series **Stephen Fry in America,** the division got off to a flying start and has been growing steadily since proving to be a very profitable area of business. DCD Publishing successfully licensed the book of **Richard Hammond's Blast Lab to Dorling Kindersley,** other TV tie-in deals have included **Alan Whicker's Journey of a Lifetime** with HarperCollins, **Stairway To Heaven** and Last Chance To See, all programmes produced by companies within the Group.

Post year end, in September 2009, the division secured its first toy deal in conjunction with Richard Hammond's Blast Lab and, in October, its first major deal in Music Merchandising, **Puppy Love** with Chrysalis Music and Universal Music, developing a puppy that will sing the original iconic hit 'Puppy Love' written by Paul Anka and a worldwide hit for Donny Osmond.

Digital Classics (DVD Label and Digital Download)

Since creation the DVD label has released 83 titles – of those 83 some 80% are on behalf of independent producers with the balance coming from DCD generated programmes. The label is gaining in reputation and the last twelve months have been transformational, achieving its first best-seller DVD with **Stephen Fry in America.** During the year Digital Classics licensed and released 20 titles including several from Warner Home Entertainment including Richard Lester's **Petulia,** starring Julie Christie, Audrey Hepburn's **Green Mansions,** Ken Russell's **Lisztomania,** starring Roger Daltrey, and **Kaleidoscope** with Warren Beatty. Other successes included West Park Pictures' **The Invincibles** and **Stephen Fry: HIV & Me.**

The DVD division has had an excellent start to the current financial year, already having released 75% of the prior year's volume of titles. Digital Classics is negotiating deals with a number of production companies to release their back catalogue titles on DVD and recently launched **Last Chance to See** with Stephen Fry in tandem with the Harper Collins book release and a major associated PR campaign.

Outlook

Since July 2009 Done and Dusted has secured its biggest ever slate of music and concert gigs and September Films has already closed a record $13.8m of new business out of its LA office. For the first time ever the Group is simultaneously filming three US TV reality series in the States for three different broadcasters. Major recommissions like Prospect Pictures' **Daily Cooks Challenge** for ITV and **Richard Hammond's Blast Lab** for BBC have also added to this positive momentum. A return to healthier production output, within DCD and across the whole industry, will bolster performance of both our production and distribution entities and evidence points to DCD's strongest pipeline of programming to date.

David Green
Chief Executive Officer

BOARD OF DIRECTORS

DAVID ELSTEIN
(NON-EXECUTIVE CHAIRMAN)
David Elstein's career in the media industry spans forty years. A former Producer of ITV's This Week, Director of Programmes at Thames TV and Head of Programming at BSkyB, David spent four years as CEO of Channel Five, which he launched and led to a valuation on his departure of over £1 billion. NBC Universal acquired Sparrowhawk Media, where David had been chairman, in 2007 for £175m. David also chairs Screen Digest Ltd, Luther Pendragon Holdings Ltd and the Broadcasting Policy Group. He is a board member of several companies including Orion Cable and PrimaCom Cable in Germany. A visiting professor at Stirling University, David was previously a visiting professor at Westminster University and Oxford University. He has also served as Chairman of Really Useful Theatres Ltd, of Sports Network Group plc and of the Commercial Radio Companies Association, and was a non-executive director of Virgin Media Inc for five years.

DAVID GREEN
(CHIEF EXECUTIVE OFFICER)
David Green was appointed Chief Executive Officer of DCD Media plc in December 2009. He joined the Group in 2007 when London and LA-based television and film production company September Films, of which he was Chairman and Founder, was acquired by DCD Media. He originally took on the role of DCD Chief Creative Officer with the task of driving creative synergies across all nine Group companies: DCD Drama, Done and Dusted, Matchlight, Prospect Pictures, September Films, West Park Pictures, DCD Rights, DCD Publishing and Digital Classics. He now merges his corporate CEO role with special responsibility for spearheading DCD Media's surge into the booming American production market.
A veteran of the British and American Film and television industries where he has successfully built his career since graduating from Oxford in 1972, David has produced and/or directed over a thousand hours of primetime television including the landmark 'Hollywood Women' series and September's flagship show 'Bridezillas' – both of which he created. His four feature film directing credits notably include the Oscar-nominated 'Buster' (4 awards) one of the biggest grossing British films of all time, and the $22m Disney action adventure 'Wings of the Apache', starring Nicolas Cage and Tommy Lee Jones. He was also the Executive Producer of two September movies: Oscar-nominated 'Solomon and Gaenor' (7 awards) and 'House of America' (6 awards). In 2008, David became a Director of Chinese media giant, Xinhua Sports and Entertainment Limited.

JOHN MCINTOSH
(FINANCE DIRECTOR,
CHIEF FINANCIAL OFFICER)
John McIntosh qualified as a Chartered Accountant at Deloitte & Touche in 1994 and has held Director roles in AIM listed companies since 2003. His early professional career allowed him to live in various European countries, working with international distribution, advertising and media corporations including Sony, D'Arcy Masius Benton & Bowles and BBC's corporate finance. During the latter years, John has concentrated on working for private equity investors in London and as a consultant for the Thomson Media Group.
John joined DCD Media in August 2006 holding the joint positions of Chief Financial and Chief Operating Officer, before he became the group's Finance Director in June 2008.

SIMON PIZEY
(DIRECTOR)
Simon Pizey has been Managing Director of DCD Media subsidiary Done and Dusted since 2000. He joined the BBC in 1995, first re-vamping the post production process of the Youth and Entertainment Department then managing a variety of programmes from The Travel Show to Standing Room Only. In 1997 Simon left the BBC to join MTV Europe working with Ian Stewart and Hamish Hamilton on a number of major MTV projects. Simon later took up the role of Head of Production MTV Networks Europe, overseeing production of 3 of MTV's annual awards and many of their other shows.

TARIK WILDMAN
(NON-EXECUTIVE DIRECTOR)
Tarik Wildman has been involved in the financial industry for over 20 years. He was a Director at Credit Suisse First Boston and Dillon Read and remains an adviser at UBS. He is also a partner in the Madrid-based firm Forest Asset Management, and runs his own enterprise Wildman & Company Ltd, which finds financial solutions for a wide variety of corporate clients. Tarik is currently Managing Director of PJ Investments and sits on the board of a number of companies associated with Peter Jones, including Phones International Group, UK's premier distributors of mobile phones, accessories and telecoms services.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2009

The directors present their report together with the audited financial statements for the year ended 30 June 2009.

PRINCIPAL ACTIVITIES

The main activities of the Group continued to be the production and distribution of programmes, with compatible new lines of business in the publishing and merchandising area.

A detailed review of the Group's business is contained in the Chairman and CEO's statement on pages 3 to 8.

RESULTS

The Group's Profit before Tax was £0.5m (2008: Loss £25.4m). The Profit for the year post-taxation was £0.7m (2008: Loss £25.2m) and has been carried forward in reserves.

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

BUSINESS REVIEW

RISKS AND UNCERTAINTIES

The Group's management aims to minimise risk by developing a broad, balanced stable of production/distribution activity and intellectual property. Clear risk assessment and strong financial management is essential to control and manage the Group's existing business and future growth. The Group operates in overseas markets and is subject to exposures on transactions undertaken during the year. The Group's exposure to exchange rate fluctuations has historically been small based on its revenue and cost base. As the Group's international revenue grows it is likely that an appropriate hedging strategy will be necessary.

ACQUISITION ACTIVITY

It is a stated aim of the Group to continue to look for suitable acquisition targets which will add value and enhance earnings. The known risks of such a strategy can be summarised as: finding appropriate targets, integration risk of acquiring (multiple) targets, and, failure to achieve financial/operational synergies from those targets.

To minimise risk, the Group uses its financial and operational diligence process, backed by legal diligence. The Group has already integrated its previous acquisitions, which are regularly monitored through the Group's internal control function.

PRODUCTION AND DISTRIBUTION REVENUE

The Group revenue tends to be seasonally cyclical with a significant element occurring in the second half of the year. Group revenue arises from a number of broadcasters and distributors across the world. No single production or distribution sale represents more than 10% of Group revenue. The Group is continually looking to broaden its customer base to minimise any cyclical impact of production on the Group revenues.

FUNDING AND LIQUIDITY

Costs incurred during production are not always funded by the commissioning broadcaster. It is inherent in the production process that in the short-term cash flows on productions can sometimes be negative initially. This is due to costs incurred before contracted sales have been received, in order to meet delivery and transmission dates. The Group funds these initial outflows, when they occur, in two ways: internally, ensuring that overall exposure is minimised; or, through a short term advance from a bank or finance house, which will be underwritten by the contracted sale. The Group regularly reviews the cost/benefit of such decisions in order to obtain the optimum use from its working capital. The Group's cash at the end of the year was £1.8m (2007: £3.1m). The Group debt now consists of Convertible Loans and conventional bank debt used as part of the payment prior Convertible loans during a re-finance at the end of November 2009, which included conversion of debt to equity (refer to note 28 to the financial statements). Details of the interest payable and Convertible Loans are disclosed in note 15 and and 17 to the financial statements, respectively.

LIQUIDITY RISKS

A full description of the Group's position regarding its Convertible Loan Notes is disclosed in the directors consideration of the going concern basis of preparation of the financial statements.

It is Group policy to continue to seek the most optimum structure for its borrowings and this policy will be pursued over the coming year.

Directors and their interests

The directors of the company, and their beneficial interests in the share capital of the company, during the year were as follows:

		At 30 June 2009		At 30 June 2008	
		Ordinary shares of 10p each	**Deferred shares of 0.9 p each**	Ordinary shares of 0.1p each	Deferred shares of 0.9p each
David Elstein		**3,349,309**	**–**	1,611,550	–
Tarik Wildman		**29,285**	**645,157**	29,285	645,157
Simon Pizey		**2,411,452**	**–**	2,411,452	–
David Green		**4,246,614**	**–**	4,246,614	–
James Hytner	(resigned 10th April 2009)	**–**	**–**	–	–
John McIntosh		**–**	**–**	–	–
Chris Hunt	(resigned 24th November 2008)	**1,149,440**	**10,017,671**	1,149,440	10,017,671
Michael Barton	(resigned 24th November 2008)	**42,837**	**293,728**	42,837	293,728

Details of directors' options are disclosed in note 5 to the financial statements.

Other than as disclosed in note 23 to the financial statements, none of the directors had a material interest in any other contract of any significance with the company and its subsidiaries during or at the end of the financial year.

In accordance with the Company's Articles of Association, D Elstein and T Wildman will retire by rotation and offer themselves for re-election.

SUBSTANTIAL SHAREHOLDINGS

As at 18th December 2009, 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 10p ordinary shares	%
Gartmore Investment Management	13,201,266	21.60
Highbridge Capital Management	7,631,048	12.49
D Green (director)	4,246,614	6.94
Universities Superannuation Scheme	4,171,902	6.82
D Elstein (non-executive chairman)	3,349,309	5.48
MD Barnard & Co	2,566,740	4.20
S Pizey (director)	2,411,452	3.95
I Stewart	2,406,250	3.94
H Hamilton	2,406,250	3.94
Brookwell Ltd	1,875,000	3.07

SHARE CAPITAL

Details of share capital are disclosed in note 20 to the financial statements.

EMPLOYMENT INVOLVEMENT

The Group's policy is to encourage employee involvement at all levels as it believes this is essential for the success of the business. There is significant competition for experienced and skilled creative staff and administrators. The directors are aware of this and have looked to encourage and develop internal resources and to put in place succession plans. In addition, the Group has adopted an open management style to encourage communication and give employees the opportunity to contribute on business issues.

The Group does not discriminate against anyone on any grounds. Criteria for selection and promotion are based on suitability of an applicant for the job. Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes of the applicants concerned. In the event of members of staff becoming disabled, every effort will be made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be at least comparable with that of other employees.

FINANCIAL INSTRUMENTS

Details of the use of financial instruments by the company are contained in note 19 of the financial statements.

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 Chairman and CEO's statement. The financial position of the Group, its cash position and borrowings are set out in the financial review section of the statement. In addition note 19 sets out the Group's objectives, policies and processes for managing its financial instruments and risk.

As highlighted in note 1 to the financial statements, the Group's day-to-day operations are funded from cash generated from trading. In addition, the Group recently reduced and deferred the redemption of its Convertible Loan Note instruments, the holders of which and the terms of their conversion and redemption were changed since the balance sheet date. These Convertible Loan Notes, amounting to approximately £2.9m (following repayments since the balance sheet date) are due for possible redemption on 30 November 2012; or conversion prior to this date (the details of which are set out in note 28 to the financial statements). The current UK and wider difficult economic conditions continue to create some uncertainty over the future trading performance of the Group, however the Group's debt profile has been significantly improved following the refinancing.

As detailed in the Chairman's statement, the Board remain positive about the resilience of the Group despite the pressures from the current economic conditions, and in preparing their forecasts and projections have made allowance for reasonably possible changes in its trading performance. These projections show that the Group will continue to generate cash to meet their obligations as they fall due. The Group will continue to explore potential facilities with other funders to provide access to additional funds in the event that suitable acquisition targets become available and assist with ongoing investment.

Through the recent successful negotiations and amendments to the terms of the loan notes, the directors, after making enquiries, have a reasonable expectation that the company and the Group 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.

CREDITOR PAYMENT POLICY

The Group's current policy and practice concerning the payment of suppliers is to agree terms of payment when agreeing the terms of the transactions, varying them as may be agreed from time to time,to ensure that the suppliers are aware of the terms and to abide by the agreed or varied terms. The company's 'creditor days' at 30 June 2009 was 79 days (2008: 77 days).

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The directors have elected to prepare the parent company financial statements in accordance with UK GAAP. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

AUDITORS

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

By Order of the Board

J McIntosh
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DCD MEDIA PLC

We have audited the financial statements of DCD Media PLC for the year ended 30 June 2009 which comprise the consolidated income statement, the consolidated balance sheet, the company balance sheet, the consolidated cashflow statement, the consolidated statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2009 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

James Brown (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
4th Floor
One Victoria Street
Bristol
BS1 6AA
United Kingdom

19 December 2009

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 £'000	2008 £'000
Revenue	3	**34,516**	**34,007**
Cost of sales		(25,861)	(26,796)
Impairment of programme rights		–	(2,324)
		(25,861)	(29,120)
Gross profit		**8,655**	**4,887**
Selling and distribution expenses		(63)	(70)
Administrative expenses:			
– Other administrative expenses		(7,487)	(9,789)
– Impairment of goodwill	4, 10	–	(18,218)
– Restructuring costs		(94)	(1,252)
		(7,581)	(29,259)
Operating profit/(loss)	3, 4	**1,011**	**(24,442)**
Finance income		62	75
Finance costs	6	(623)	(1,072)
Profit/(Loss) before taxation		**450**	**(25,439)**
Taxation–current tax	7	229	235
Profit/(Loss) after taxation		**679**	**(25,204)**
Basic loss per share	9	**1.27p**	**(49.54p)**
Diluted loss per share	9	**0.77p**	**(49.54p)**

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009 £'000	2008 £'000
Non-current assets			
Goodwill	10	16,249	16,249
Other intangible assets	10	11,915	12,848
Property, plant & equipment	11	114	178
Other receivables		–	–
		28,278	29,275
Current assets			
Inventories	12	210	215
Trade and other receivables	13	6,975	8,499
Cash and cash equivalents		1,845	3,129
		9,030	11,843
Current liabilities			
Bank overdrafts	15	–	(30)
Bank and other loans	15, 28	(9,686)	(7,245)
Trade and other payables	14	(8,908)	(10,480)
Obligations under finance leases	15	–	(10)
Provisions	16	(84)	(1,418)
		(18,678)	(19,183)
Non-current liabilities			
Secured convertible loan	17, 28	–	(3,754)
Obligations under finance leases	17	(14)	(24)
Deferred tax liabilities	18	(2,213)	(2,490)
		(2,227)	(6,268)
Net assets		**16,403**	**15,667**
Equity			
Share capital	20	5,806	5,772
Share premium account		49,100	49,077
Equity element of convertible loan	15	328	328
Merger reserve		6,356	6,356
Retained earnings		(45,187)	(45,866)
		16,403	15,667

The financial statements were approved and authorised for issue by the Board of Directors on 19 December 2009.

J McIntosh
Director
19 December 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

Cash flow from operating activities	Note	2009 £'000	2008 £'000
Net (loss)/profit before taxation		**450**	**(25,439)**
Adjustments for:			
Depreciation of tangible assets		74	176
Amortisation and impairment of intangible assets (trade names)	10	7,166	29,525
Profit on disposal of property, plant and equipment		7	(4)
Loss on disposal of intangible assets			100
Net bank and other interest charges		561	997
Net cash flows before changes in working capital		**8,258**	**5,355**
Decrease/(increase) in inventories		5	909
Decrease in trade and other receivables		1,524	1,504
(Decrease)/increase in trade and other payables		(2,897)	(1,101)
Cash from operations		**6,890**	**6,667**
Interest received		62	75
Interest paid		(623)	(990)
Income taxes (received)/paid		–	5
Net cash flows from operating activities		**6,329**	**5,757**
Investing activities			
Acquisition of subsidiary undertakings, net of cash and overdrafts acquired	28	–	(8,186)
Purchase of property, plant and equipment	10	10	(49)
Purchase of intangible assets	10	(6,233)	(7,871)
Sale proceeds of property, plant and equipment		7	33
Net cash flows used in investing activities		**(6.236)**	**(16,073)**
Financing activities			
Issue of ordinary share capital		**–**	8,499
Repayment of finance leases		**(10)**	(20)
Repayment of loan		**(1,700)**	(1,480)
New loans raised		**363**	5,480
Net cash flows from financing activities		**(1,347)**	**12,479**
Net increase/(decrease) in cash		**(1,254)**	**2,163**
Cash and cash equivalents at beginning of period		**3,099**	936
Cash and cash equivalents at end of period	27	**1,845**	**3,099**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Share capital £'000	Share premium £'000	Equity element of convertible loan £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 June 2007	**3,510**	**33,242**	**–**	**6,356**	**(20,662)**	**22,446**
Loss for period	–	–	–	–	(25,204)	(25,204)
Shares issued	2,262	15,835	–	–	–	18,097
Convertible loan note issued	–	–	328	–	–	328
Balance at 30 June 2008	**5,772**	**49,077**	**328**	**6,356**	**(45,866)**	**15,667**
Profit for the period	–	–	–	–	679	679
Shares issued	34	23	–	–	–	57
Convertible loan note issued	–	–	–	–	–	–
Balance at 30 June 2009	**5,806**	**49,100**	**328**	**6,356**	**(45,187)**	**16,403**

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2009

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 London. DCD Media plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

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

These consolidated financial statements have been approved for issue by the Board of Directors on 19 December 2009.

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The group financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board (IASB) as adopted by European Union ("Adopted IFRSs"), and with those parts of the Companies Act 2006 applicable to companies preparing their financial statements under Adopted IFRSs.

BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the historical cost convention and applicable accounting standards, and on a going concern basis. At the year end 30 June 2009 the Group's convertible loan debt stood at £9.9m (2008: £11.5m) redeemable by December 2009. The convertible loans had been used to help with the funding of acquisitions made in 2006 and 2007. However, by 30 November 2009, the Group had reduced its debt and refinanced its remaining balance following the agreement of our primary holder of convertible loan notes, Highbridge Capital Management LLC, ("Highbridge") to cancel £6.9 million of convertible loan notes in exchange for £2.5 million of cash and 7,631,048 new ordinary shares. The consequence of the renegotiation of debt is that the potential cash outfllow has been substantially reduced and the remaining outstanding debt deferred. The overall liability at the date of reporting is now £5.9m. The cash consideration paid to Highbridge was met from a new senior bank loan from Coutts & Co. of £3.0m, provided on normal commercial terms, and repayable over three years in equal quarterly instalments. The remaining convertible loan debt, £2.9 million, is redeemable in November 2012 if not previously converted at the fixed price of 18p.

Accordingly the Directors have prepared the accounts on the going concern basis. The Group's day to day operations are funded out of the existing funds on hand and the cash generated from activities.

BASIS OF CONSOLIDATION

The Group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 30 June 2009. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights.

Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

BUSINESS COMBINATIONS

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent impairment review in accordance with the Group's accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

The trading results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business combinations prior to 1 July 2006.

Accordingly the treatment of the acquisitions prior to that date remains unchanged from that used under UK GAAP. Assets and liabilities are recognised at the date of transition and are measured using their UK GAAP carrying amount at the date of transition as deemed cost under IFRS. Deferred tax is recognised on fair value adjustments.

REVENUE AND ATTRIBUTABLE PROFIT

Production revenue represents amounts receivable from producing programme content, and is recognised over the period of the production in accordance with the underlying signed contract. The revenue is recognised through the different stages of production completion, with apportionment across the recognised stages of production including pre-production, filming, post-production and delivery to the commissioning broadcaster. The assessment of the stage of completion is made by reference to production costs incurred and after consultation with production staff. Attributable profit is calculated by recognising all appropriate costs up to the stage of production completion, and amortising production costs in the proportion that the revenue recognised in the period bears to estimated total revenue from the programme. The carrying value of programme costs in the balance sheet is subject to an annual impairment review.

Where productions are in progress at the period end and where billing exceeds the value of work done, the excess is classified as deferred income and is shown within trade payables.

Distribution revenue arises from the licensing of programme rights which have been obtained under distribution agreements with either external parties or Group companies. Distribution revenue is recognised in the income statement on signature of the licence agreement, and represents amounts receivable from such contracts.

Revenue from sales of DVDs and other sales is the amounts receivable from invoiced sales during the year.

All revenue excludes value added tax.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost less estimated residual value by equal annual instalments over their expected useful lives. The rates generally applicable are:

Short leasehold property improvements	over the life of the lease
Motor vehicles	20% on cost
Office and technical equipment	25%-33% on cost

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

INTANGIBLE ASSETS

Goodwill

Goodwill arising on consolidation is recorded as an intangible asset and is the surplus of the cost of acquisition over the Group's interest in the fair value of identifiable net assets acquired. Goodwill is not amortised and is reviewed annually for impairment.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to Adpoted IFRSs is recorded at their carrying value at the date of transition to Adpoted IFRSs, and is subject to a review for impairment at that date.

OTHER INTANGIBLE ASSETS

Trade names

Trade names acquired through business combinations are stated at their fair value at the date of acquisition. They are amortised through the income statement, following a periodic impairment review, on a straight line basis over their useful economic lives, such periods not to exceed 10 years.

Development expenditure

Development expenditure incurred on specific projects is capitalised when recoverability can be assessed with reasonable certainty, when there is the ability and intention to complete development, and when it is estimated that future sales will exceed total costs of production. Development expenditure that does not satisfy those criteria are written off in the income statement within cost of sales.

Programme rights

Programme rights are stated at the lower of cost, less accumulated amortisation, or recoverable amount. Cost comprises the cost of production and all other directly attributable costs incurred up to completion of the programme and all programme development costs. Where programmes in development are not expected to proceed, the related costs are written off to the income statement. Amortisation of programme costs is charged in the ratio that actual revenue recognised in the current period bears to estimated ultimate revenue, no slower than the straight line method, after making provision for anticipated losses. At each balance sheet date, the directors review the carrying value of programme rights and consider whether a provision is required to reduce the carrying value of the investment in programmes to the recoverable amount. Amortisation and any charge in respect of writing down to recoverable amount during the period are included in the income statement within cost of sales.

LEASED ASSETS
Property, plant and equipment acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other property, plant and equipment, and the interest element of the lease is charged to the income statement over the period of the finance lease. The related obligations, net of future finance charges, are included in liabilities.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the period of the lease.

INVENTORIES
Inventories comprise pre-production costs incurred in respect of programmes, and finished stock of DVDs available for resale. Where it is virtually certain production will occur, pre-production costs are capitalised in inventories and transferred to intangibles on commencement of production. Finished stock of DVDs available for re-sale are also included within inventories. Inventories are valued at the lower of cost or recoverable amount.

PROGRAMME DISTRIBUTION ADVANCES
Advances paid in order to secure distribution rights on third party catalogues or programmes are included within current assets. Distribution rights entitle the company to license the programmes to broadcasters and DVD labels for a sales commission, whilst the underlying rights continue to be held by the programme owner. The advances are stated at the lower of the amounts advanced to the rights' owners less actual amounts due to rights owners based on sales to date and anticipated future sales.

IMPAIRMENT OF NON-CURRENT ASSETS
For the purposes of assessing impairment, assets are grouped into separately identifiable cash-generating units. Goodwill is allocated to those cash-generating units that have arisen from business combinations.

At each balance sheet date, the Group reviews the carrying amounts of its non-current assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Goodwill is tested for impairment annually. Goodwill impairment charges are not reversed.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value and value in use based on an internal discounted cash flow evaluation.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash on hand and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents. Bank overdrafts are shown in current liabilities on the balance sheet. Overdrafts are included in cash and cash equivalents for the purpose of the cash flow statement.

EQUITY
Equity comprises the following:
- **Share capital** represents the nominal value of issued Ordinary shares and Deferred shares
- **Share premium** represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- **Equity element of convertible loan** represents the part of the loan classified as equity rather than liability (see note 17).
- **Merger reserve** represents the excess over nominal value of the fair value of consideration received for equity shares issued on acquisition of subsidiaries, net of expenses of the share issue (in accordance with s.612 of the Companies Act 2006)
- **Retained earnings** represents retained profits and losses.

DEFERRED TAXATION
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:
- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:
- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

FOREIGN CURRENCY

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising on the settlement and retranslation of monetary items are taken to the income statement.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at the exchange rate ruling at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and transferred to the Group's translation reserve, but the differences are not considered to be material and there is no translation reserve at 30 June 2009.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognized in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument at their fair value and thereafter at amortised cost.

Trade Receivables

Trade receivables are recorded at their amortised cost less any provision for doubtful debts. Trade receivables due in more than one year are discounted to their present value.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are reported in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Convertible Loans

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible loan note and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense of the liability component is calculated by applying the effective interest rate to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

Bank Borrowings

Interest bearing bank loans and overdrafts are recorded as the proceeds received, net of direct issue costs. Finance charges are accounted for on an effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade Payables

Trade payables are stated at their amortised cost.

Equity Instruments

Equity instruments issued by the Group are recorded as the proceeds received, net of direct costs.

SHARE BASED PAYMENTS

Share based payments previously entered into by the group vested immediately to the individuals involved, therefore the value of share based payments was recognised in the income statement on the date they were awarded. There were no share based payments in the year.

RETIREMENT BENEFITS

The group operates pension schemes for the benefit of a number of its directors. The schemes are defined contribution schemes and the contributions are charged against profits as they accrue.

Standards issued by the International Accounting Standards Board (IASB) not effective for the current year and not adopted by the Group

The following standards and interpretations have been issued by the IASB. They become effective after the current year and have not been early adopted by the Group:

Standards issued by the International Accounting Standards Board (IASB) are not effective for the current year and not adopted by the Group.

The following standards and interpretations have been issued by the IASB. They become effective after the current year and have not been early adopted by the Group:

	Effective date commencing	To be adopted by the Group during years
International Financial Reporting Standards (IFRS)		
IFRS 8 Operating Segments	01.01.2009	30.06.2010
This standard requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. Generally, the information to be reported would be what management uses internally for evaluating segment performance and deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the income statement and balance sheet. The standard also requires explanations of the basis on which the segment information is prepared and reconciliations to the amounts recognised in the income statement and balance sheet.		
Amendment to IAS 23 Borrowing Costs	01.01.2009	30.06.2010
The Amendment removes the option of immediately recognising as an expense borrowing costs that relate to qualifying assets (assets that take a substantial period of time to get ready for use or sale). Instead, an entity will be required to capitalise borrowing costs whenever the conditions for capitalisation are met. The provisions of this Amendment are applicable to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the effective date of the Amendment.		
Amendment to IFRS 2 Share-based Payment: Vesting Conditions and Cancellations	01.01.2009	30.06.2010
This Amendment clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. The purpose of making the distinction is so as to be able to address the accounting for non-vesting conditions, which were not previously covered by IFRS 2. The guidance in IFRS 2 covering the accounting for vesting conditions is not affected by the Amendment. The Amendment also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Amendment is likely to have a particular impact on entities operating Save As You Earn (SAYE) schemes because it results in an immediate acceleration of the IFRS 2 expense if an employee decides to stop contributing to the savings plan, as well as a potential revision to the fair value of the awards granted to factor in the probability of employees withdrawing from such a plan.		
Amendments to IAS 1 Presentation of Financial Statements: A Revised Presentation	01.01.2009	30.06.2010
The Amendment to IAS 1 affects the presentation of owner changes in equity and of comprehensive income. An entity will be required to present, in a statement of changes in equity, all owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). In addition, the new requirements would require the presentation of an opening comparative balance sheet when there is a change in accounting policy. The standard does not change the recognition, measurement or disclosure of specific transactions and other events required by other IFRSs.		

Amendments to IAS 32 and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation	01.01.2009	30.06.2010

This Amendment results in certain types of financial instrument that meet the definition of a liability, but represent the residual interest in the net assets of the entity, being classified as equity. The Amendment requires entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: (a) Puttable financial instruments; and, (b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation

Amendments to IFRS 1 and IAS 27 Cost of an Investment in a subsidiary, jointly-controlled entity or associate	01.01.2009	30.06.2010

This Amendment allows a first-time adopter that, in its separate financial statements, elects to measure its investments in subsidiaries, jointly controlled entities or associates at cost to initially recognise these investments either at cost determined in accordance with IAS 27 or deemed cost (being either its fair value at the date of transition to IFRSs or its previous GAAP carrying amount at that date). The Amendments also removes the definition of the cost method of accounting for an investment in a subsidiary, jointly controlled entity or associate. This has the effect of removing the requirement to deduct distributions received that arise from pre-acquisition profits from the cost of the investment. Instead, the dividend is recognised as income and the cost of investment is subject to an impairment test.

Improvements to IFRSs (2009)	01.01.2009	30.06.2010

The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies between Standards. The most significant changes cover the following issues: The classification of assets and liabilities as held for sale where a non-controlling interest is retained; accounting by companies that routinely sells assets previously held for rental to others; accounting for loans given at a nil or below market rate of interest; the reversal of impairments against investments in associates accounted for using the equity method; the timing of expense recognition for costs incurred on advertising and other promotional activity; and, accounting for properties in the course of construction.

IFRIC 15 Agreements for the Construction of Real Estate	01.01.2009	30.06.2010

This Interpretation clarifies the definition of a construction contract, the interaction between IAS 11 and IAS 18 and provides guidance on how to account for revenue when the agreement for the construction of real estate falls within the scope of IAS 18. For some entities, the Interpretation may give rise to a shift from the recognition of revenue using the percentage of completion method to the recognition of revenue at a single time (e.g. at completion, upon or after delivery). Affected agreements will be mainly those accounted for in accordance with IAS 11 that do not meet the definition of a construction contract as interpreted by the IFRIC and do not result in a 'continuous transfer' (i.e. agreements in which the entity transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses).

Revised IFRS 3 Business Combinations	01.07.2009	30.06.2010

The basic approach of the existing IFRS 3 to apply acquisition accounting in all cases and identify an acquirer is retained in this revised version of the standard. This includes much of the current guidance for the identification and recognition of intangible assets separately from goodwill. However, in some respects the revised standard may result in very significant changes, including: The requirement to write of all acquisition costs to profit or loss instead of including them in the cost of investment; the requirement to recognise an intangible asset even if it cannot be reliably measured; and, an option to gross up the balance sheet for goodwill attributable to minority interests (which are renamed 'non-controlling interests'). The revised standard does not require the restatement of previous business combinations. Revised IFRS 3 must be adopted at the same time as the Amendment to IAS 27.

Amendments to IAS 27 Consolidated and Separate Financial Statements	01.07.2009	30.06.2010
This Amendment relates in particular to acquisitions of subsidiaries achieved in stages and disposals of interests, with significant differences in the accounting depending on whether control is gained or not, or a transaction simply results in a change in the percentage of the controlling interest. The Amendment does not require the restatement of previous transactions. The Amendment to IAS 27 must be adopted at the same time as IFRS 3 Revised.		
Amendment to IAS 39 Financial Instruments: . Recognition and Measurement: Eligible Hedged Items	01.07.2009	30.06.2010
This Amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in the designation of a one-sided risk in a hedged item, and inflation in a financial hedged item		

The impact on the adoption of these standards in the Group's financial statements is not expected to be material.

There are a number of other standards that have been drafted, primarily as a result of the IASB improvement programme, that have yet to be endorsed by the EU. These are not listed here as they have not yet been endorsed by the EU. The Directors have reviewed these standards and do not believe that the impact on the Group's financial statements is, or will be, material.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of .revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such .estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes.

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In the process of applying the Group's accounting policies, which are described in note 1, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Valuation of identifiable assets created during the period

Note 10 details the values attributed to Intangible assets acquired and/or created by the Group.In assessing the value of the product the management has considered the historic sales and future sales forecast profile in order to arrive at a net present value versus the costs of creating the assets.

An impairment review takes place against each critical asset class prior to reporting half year and full year financial results.

Sale and leaseback

As explained in note 21 the Group enters into sale and leaseback arrangements to finance programme production. The obligations to the lessee are matched by deposits held with financial institutions. The Group is not able to control the deposit accounts, nor is it able to withhold payments to the investor from the accounts. Accordingly, the Group has determined that, under IAS39 'Financial instruments: Recognition and Measurement', each sale and leaseback transaction entered into by the Group has, from inception, failed to meet the definition of an asset and liability and has therefore not been recognised in these financial statements. The Group has applied guidance from SIC27 'Evaluating the substance of transactions involving the legal form of a Lease'.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of programmes in the course of production

During the year, management reviewed the recoverability of its programmes in the course of production which are included in its balance sheet. The projects continue to progress satisfactorily and management continue to believe that the anticipated revenues will enable the carrying amount to be recovered in full.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £16,249,000. Details relating to the allocation of goodwill to cash-generating units and potential impairment calculations are given in note 10 below.

Impairment of programme rights

Determining whether programme rights are impaired requires an estimation of the value in use of the cash-generating unit to which the rights have been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of programme rights at the balance sheet date was £4,748,000. Details relating to the allocation of goodwill and potential impairment calculations are given in note 10 below.

3 SEGMENT ANALYSIS

The Group's primary segmental reporting format is based on the Group's management and internal reporting structure of revenue streams which carry different risks and rewards.

Revenue and loss before interest and taxation are attributable to the following classes of business:

2009	Production distribution £'000	Programme eliminations £'000	Other £'000	Unallocated/ £'000	Total £'000
Segment revenue	27,401	5,701	1,414	–	**34,516**
Segment result	1,335	398	64	(786)	**1,011**
Net finance costs	–	–	–	(561)	**(561)**
Loss before tax	1,335	398	64	(1,347)	**450**
Income tax	–	–	–	229	**229**
Profit (Loss) for year	1,335	398	64	(1,118)	**679**
Segment assets	27,260	7,699	766	1,582	**37,307**
Segment liabilities	5,715	2,696	429	12,065	**20,905**
Other information					
– Purchase of non-current assets	6,233		–	–	**6,233**
– Depreciation and amortisation	6,178	22	–	1,062	**7,262**
– Impairment losses	–	–	–	–	**–**

2008	Production distribution £'000	Programme eliminations £'000	Other £'000	Unallocated/ £'000	Total £'000
Segment revenue	27,445	6,418	144	–	**34,007**
Segment result	(22,026)	(2,079)	(277)	(60)	**(24,442)**
Net finance costs	–	–	–	(997)	**(997)**
Loss before tax	(22,026)	(2,079)	(277)	(1,057)	**(25,439)**
Income tax	–	–	–	235	**235**
Loss for year	(22,026)	(2,079)	(277)	(822)	**(25,204)**
Segment assets	33,411	7,247	121	339	**41,118**
Segment liabilities	6,298	3,601	37	15,515	**25,451**
Other information					
– Purchase of non-current assets	31,331	44	–	8	**31,383**
– Depreciation and amortisation	8,325	930	–	145	**9,400**
– Impairment losses	18,435	1,866	–	–	**20,301**

GEOGRAPHICAL SEGMENTS

The Group's headquarters is based in the United Kingdom. It also has offices in New York and Los Angeles to conduct any business in the United States. The value of assets located outside the United Kingdom is immaterial.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods or services:

	2009 £'000	2008 £'000
United Kingdom	**18,073**	22,333
Rest of Europe	**2,460**	1,604
North and South America, including Canada	**12,201**	8,976
Australia/Far East	**1,717**	770
Africa	**65**	324
	34,516	34,007

4 PROFIT/(LOSS) FROM OPERATIONS

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2009 £'000	2008 £'000
Auditors' remuneration:		
Fees payable to the company's auditor:		
For the audit of the company's annual accounts	**12**	12
For the audit of other group companies	**78**	120
Fees for services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the company or any of its associates	**–**	93
Operating lease rentals:		
Plant and machinery	**220**	203
Other	**530**	655
(Profit)/loss on foreign exchange fluctuations	**(118)**	94
Profit on disposal of property, plant and equipment	**–**	(4)
Loss on disposal of intangible assets	**–**	100
Share based payments	**–**	–
Depreciation, amortisation and impairment:		
Intangible assets–programme amortisation in cost of sales	**6,200**	7,995
Intangible assets–programme impairment in cost of sales	**–**	2,324
Intangible assets–goodwill and related intangibles in administrative expenses	**988**	19,206
Property, plant and equipment	**74**	176
Staff costs (note 5)	**5,822**	5,897
Restructuring costs (see below)	**94**	1,252

The restructuring cost relates to redundancy costs within the administration function for compensation for loss of office.

The restructuring item in the year ended 30 June 2008 relates to the costs associated with a reorganisation and restructuring within the production and distribution segments. Other restructuring costs on the face of the Income Statement include legal restructuring costs and fees relating the debt restructuring.

5 DIRECTORS AND EMPLOYEES

Staff costs during the year, including directors, were as follows:

	2009 £'000	2008 £'000
Wages and salaries	5,153	5,258
Social security costs	633	597
Other pension costs	36	42
	5,822	**5,897**

Other pension costs include contributions totalling £36,288 (2008: £25,188) to money purchase pension schemes in respect of three Directors.

The average number of employees of the group during the year was as follows:

	2009 £'000	2008 no.
Sales and distribution	**10**	8
Production	**30**	30
Directors and administration	**36**	39
	76	**77**

Remuneration in respect of the directors, who are the key management personnel of the Group, was as follows:

	Emoluments £'000	Pension Contributions £'000	Money value of non-cash benefits received £'000	2009 Total £'000	2008 Total £'000
D Elstein	55	–	–	**55**	35
C Hunt (resigned 20 November 2008)	105	8	8	**121**	273
M Barton (resigned 20 November 2008)	12	–	–	**12**	36
R Price	–	–	–	**–**	18
T Wildman	20	–	–	**20**	20
S Pizey	118	4	–	**122**	128
J Thomson-Glover (resigned 4 June 2008)	–	–	–	**–**	121
N Davies Williams (resigned 4 June 2008)	–	–	–	**–**	126
D Green (appointed 4 June 2008)	150	–	–	**150**	10
J McIntosh	121	–	–	**121**	10
J Hytner (appointed 4 June 2008, resigned 10 April 09)	5	–	–	**5**	2
2009	**586**	**12**	**8**	**606**	
2008	730	25	24		779

Share options of Ordinary 10 pence shares held by directors or their related parties during the year were as follows:

	At 1 July 2008	Granted during the year	Exercised during the year	Lapsed during the year	At 30 June 2009	Exercise price (pence)	Date from which exercisable	Expiry date
D Elstein	37,500	–	–	37,500	–	80p	26.01.06	25.01.09
C Hunt	37,500	–	–	37,500	–	80p	26.01.06	25.01.09
M Barton	37,500	–	–	37,500	–	80p	26.01.06	25.01.09
R Price	25,000	–	–	25,000	–	80p	26.01.06	25.01.09
T Wildman	25,000	–	–	25,000	–	80p	26.01.06	25.01.09
S Pizey	37,500	–	–	37,500	–	80p	26.01.06	25.01.09
J Thomson-Glover (resigned..)	25,000	–	–	25,000	–	80p	26.01.06	25.01.09
N Davies Williams (resigned..)	37,500	–	–	37,500	–	80p	26.01.06	25.01.09
D Green (appointed 4 June 2008)	–	–	–	–	–			
J McIntosh (appointed 4 June 2008)	30,120	–	–	–	30,120	83p–99p	15.12.06	14.12.09

6 FINANCE COSTS

	2009 £'000	2008 £'000
Bank overdraft	**14**	39
Convertible loan interest charge	**524**	947
Convertible loan equity interest charge	**82**	82
Other	**3**	4
	623	1,072

As explained in note 15, the convertible loan note issued on 7 August 2007 has been valued as a compound instrument under IFRS 32.
As a result, there has been an interest charge in the year of £82,000 to equalise the equity element of the loan credited to reserves. There will be a similar annual charge until maturity of the portion of the loan remaining after the refinancing explained in note 28.

7 TAX ON LOSS ON ORDINARY ACTIVITIES

Recognised in the income statement:

	2009 £'000	2008 £'000
Current tax (expense)/credit:		
UK corporation tax	**–**	–
US federal and state income taxes	**–**	(47)
Withholding tax suffered	**(49)**	(25)
Adjustment in respect of previous years	**–**	30
Current year (expense)/credit	**(49)**	**(42)**
Deferred tax (expense)/credit:		
Reversal of temporary differences under IFRS	**278**	277
Total tax in income statement	**229**	235

The tax charge represents:

	2009 £'000	2008 £'000
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008: 29.5%)	**190**	(7,504)
Effects of:		
Expenses not deductible for tax purposes	**219**	63
Expenses not deductible for tax purposes–goodwill amortisation	**268**	6,035
Provisions deductible on paid basis	**(132)**	(29)
Net losses in year carried forward/(brought forward losses utilised)	**(777)**	1,092
Depreciation in excess of capital allowances	**15**	15
Rate differential on foreign taxes	**(61)**	97
Overseas withholding tax suffered	**49**	25
Adjustment in respect of prior year	**–**	(29)
Total tax charge	**(229)**	(235)

8 Dividends

No dividends have been paid or proposed in the year (2008: nil).

9 (LOSS)/PROFIT PER SHARE

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

	Profit £'000	Weighted average number of shares	2009 Per share amount pence	Loss £'000	Weighted average number of shares 000's	2008 Per share amount pence	Profit £'000
Basic loss per share Loss attributable to ordinary shareholders	679	53,368,503	1.27	(25,204)	50,872	(49.54)	795
Diluted loss per share Loss attributable to ordinary shareholders	679	87,962,917	0.77	(25,204)	50,872	(49.54)	795

No share options outstanding at the year-end, and if the convertible loan was converted into ordinary shares at 28p per share (the last conversion rate at the balance sheet date), the number of shares issued from the exercise of the loan conversion would be 34,594,414. The figure for 2008 have not been adjusted in the comparative as the effect of the conversion would be non-dilutive.

10 GOODWILL AND INTANGIBLE ASSETS

	Trade Goodwill £'000	Programme Names £'000	Development Rights £'000	Expenditure £'000	Total £'000
Cost					
At 1 July 2007	21,819	–	16,790	161	38,770
Additions	–	–	7,871	–	7,871
On acquisition of subsidiaries	12,648	9,882	811	–	23,341
Disposals	–	–	(100)	–	(100)
At 30 June 2008	**34,467**	**9,882**	**25,372**	**161**	**69,882**
At 1 July 2008	34,467	9,882	25,372	161	69,882
Additions			6,233		6,233
On acquisition of subsidiaries					–
Disposals					–
At 30 June 2009	**34,467**	**9,882**	**31,605**	**161**	**76,115**
Amortisation and impairment					
At 1 July 2007	–	–	11,099	161	11,260
Provided in year in cost of sales	–	–	10,319	–	10,319
Provided in year administrative expenses	18,218	988	–	–	19,206
Disposals	–	–	–	–	–
At 30 June 2008	**18,218**	**988**	**21,418**	**161**	**40,785**
At 1 July 2008	18,218	988	21,418	161	40,785
Provided in year in cost of sales		–	6,178	–	6,178
Provided in year administrative expenses		988	–		988
Disposals					–
At 30 June 2009	**18,218**	**1,976**	**27,596**	**161**	**47,951**
Net book value					
At 30 June 2009	**16,249**	**7,906**	**4,009**	**–**	**28,164**
At 30 June 2008	**16,249**	**8,894**	**3,954**	**–**	**29,097**

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. After performing an impairment review, the carrying amount of goodwill has been allocated as follows:

	2009 £'000	2008 £'000
Production	**15,625**	15,625
Programme distribution	**624**	624
Other		–
	16,249	16,249

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected profitability of the CGUs over the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks inherent in the CGUs.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management and extrapolates them. The cash flows are forecast to the period ending 31 December 2010. The growth rates applied from the end of the period covered by approved budgets into future cash flows for each CGU vary between 0% and 5% based on management's estimate of likely growth. Expected profitability is based on past results and expectations of future changes in the market.

The rate used to discount the forecast cash flows is 12% for all CGUs except Done & Dusted Group Ltd. A significantly higher rate of 27.5% has been used for this CGU to reflect the higher risk profile over the long term cash flows expected from this operation.

If the discount rates used were reduced by 2% to10% and 25.5%, it is estimated that the recoverable amount of goodwill would have increased by approximately £0.7 million. If the discount rates were increased to 15% and 30.5% it is estimated that the recoverable amount of goodwill would be impaired by approximately £0.6 million.

Details of goodwill allocated to cash generating units for which the amount of goodwill so allocated is as follows:

		Goodwill carrying amount	
		2009	2008
Cash generating units (CGU):		£'000	£'000
NBD Television Limited	Distribution	**624**	624
Done and Dusted Group Limited	Production	**2,977**	2,977
September Holdings Limited	Production	**5,359**	5,359
Prospect Pictures Limited	Production	**4,926**	4,926
West Park Pictures Limited	Production	**2,363**	2,363
		16,249	**16,249**

No impairment of goodwill has been recognised.

Management consider that the trading conditions which resulted in the previous goodwill valuations have not changed materially to have adversely impact the operating ability of the cash generating units. The goodwill valuations are based on the assumptions described above. The forecasts upon which the CGU is measured are based on historic earnings of each CGU, which are then considered against current factors including market conditions and key management personnel in those CGUs.

The carrying value of goodwill in the other production CGUs is exceeded by a recoverable amount of £0.4m.
The carrying value of goodwill in the distribution CGU is exceeded by a recoverable amount of £0.3m.

The valuations are based on the recoverable amounts from their value in use using a discount factor of 12%. The forecasts are based on historic sales of theprogrammes, and future sales are forecast over a seven year period on a reducing basis. Seven years is used for the forecasts because the programme rights are held for periods longer than five years, but not more than ten years.

11 PROPERTY, PLANT AND EQUIPMENT

	Short leasehold property improvements £'000	Office and technical equipment £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 July 2007	155	806	35	996
Additions	2	37	44	83
On acquisition of subsidiaries	–	88	–	88
Disposals	–	(23)	(35)	(58)
At 30 June 2008	**157**	**908**	**44**	**1,109**
At 1 July 2008	157	908	44	1,109
Additions	–	10	–	10
On acquisition of subsidiaries	–	–	–	–
Disposals	–	–	–	–
At 30 June 2009	**157**	**918**	**44**	**1,119**
Depreciation				
At 1 July 2007	56	715	13	784
Provided in year	101	68	7	176
Disposed in year	–	(12)	(17)	(29)
At 30 June 2008	**157**	**771**	**3**	**931**
At 1 July 2008	157	771	3	931
Provided in year	–	60	14	74
Disposed in year	–	–	–	–
At 30 June 2009	**157**	**831**	**17**	**1,005**
Net book value				
At 30 June 2009	**–**	**87**	**27**	**114**
At 30 June 2008	–	137	41	178

The net book value of property, plant and equipment includes an amount of £44,000 (2008: £40,782) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £9,835 (2008: £6,836).

12 INVENTORIES

	2009 £'000	2008 £'000
Pre-production costs	**152**	166
Finished stocks	**58**	49
	210	215

13 TRADE AND OTHER RECEIVABLES

	2009 £'000	2008 £'000
Trade receivables	**3,934**	3,148
Other receivables	**255**	494
Distribution royalty advances	**268**	272
Prepayments and accrued income	**2,518**	4,391
Rent deposit	**–**	194
Total financial assets other than cash and cash equivalents classified as loans and receivables	**6,975**	8,499

The average credit period taken on sales of goods is 79 days (2008: 77 days). No interest is charged on receivables within the agreed credit terms. Thereafter, interest may be charged.

An allowance for impairment is made where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of the outstanding amount. The group provides, in full, for any debts it believes have become non recoverable. The figures shown above are after deducting a specific provision for bad and doubtful debts of £389,569 (2007: £6,785). Included within trade and other receivables is £195,000 (2007: £175,000) expected to be recovered in more than one year.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable set out above.

The ageing of trade receivables that have not been provided for are:

	2009 £'000	2008 £'000
Not due yet		
0–29 days	**2,251**	1,831
Overdue		
30–59 days	**803**	602
60–89 days	**382**	298
90–119 days	**325**	266
120 + days	**174**	151
	3,934	3,148

14 TRADE AND OTHER PAYABLES

	2009 £'000	2008 £'000
Trade payables	**1,408**	2,774
Taxation and social security	**1,050**	900
Other payables	**1,171**	1,234
Accruals and deferred income	**5,279**	5,572
Total financial liabilities, excluding loans and borrowings, classified as financial liability measure at amortised cost	**8,908**	10,480

15 INTEREST BEARING LOANS AND BORROWINGS–DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Bank overdrafts (unsecured)	–	30
Secured convertible loan*	**9,686**	7,245
Obligations under finance leases	–	10
	9,686	7,285

*The equity element of the total loans of £9.9m valued as a compound instrument is £328k (see below).

At the year end 30 June 2009 the Group's convertible loan debt stood at £9.9m (2008: £11.5m) redeemable by December 2009. Since the balance sheet date the Group has refinanced its convertible loan debt. The overall debt liability at the date of reporting is now £5.9m of which £2.9m is the remaining convertible loan debt. Of the overall debt liability at the date of reporting £3.0m is made up of conventional bank debt, of which approximately £1.0m is due within one year, and £2.0m within 2-5 years. The remaining convertible loan debt, £2.9m, is redeemable by November 2012 if not previously converted at the fixed price of 18p. For full post balance sheet events refer to note 28.

The convertible loan as at 30 June 2008 was valued as a compound instrument, and a calculation has been made to separate the equity element from the liability element of the loan. A discount rate of 12% has been applied to the future interest payments and repayment of the loan. This has resulted in a reduction of the liability by crediting an equity element of £328,000 to reserves. However, there is an interest charge in the income statement up to maturity of the loan to equalise this reduction in the liability so that by maturity the full liability is reflected in the balance sheet. The interest charge in the income statement is £82,000 (2008: £82,000).

16 PROVISION FOR LIABILITIES AND CHARGES

	£'000
30 June 2008	1,418
Amounts incurred and charged against provision during the year	1,334
30 June 2009	**84**

17 INTEREST BEARING LOANS AND BORROWINGS–DUE AFTER MORE THAN ONE YEAR

	2009 £'000	2008 £'000
Obligations under finance leases	**14**	24
Secured convertible loan	–	3,754
	14	3,778

Since the balance sheet date the terms of the loan notes has been renegotiated. For full post balance sheet events refer to note 28 and note 15.

18 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Intangible assets	–	–	2,213	2,490	2,213	2,490
Tax value of carry-forward losses	–	–	–	–	–	–
Net tax (assets)/liabilities	**–**	**–**	**2,213**	**2,490**	**2,213**	**2,490**

A deferred tax asset of £3.2 million, arising principally from losses in the group, has not been recognised (2008: £4.5 million). These losses can be offset against future trading profits generated. The directors believe at this stage that it is prudent not to recognise the deferred tax asset within the financial statements.

Movement in deferred tax during the year

	1 July 2008 £'000	Recognised in income £'000	30 June 2009 £'000
Intangible assets	2,490	(277)	2,213
Tax value of carry-forward losses	–	–	–
Tax value of temporary difference	**2,490**	**(277)**	**2,213**

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Group's financial instruments comprise cash, including short term deposits, trade and other receivables and trade and other payables that arise directly from its operations, and loan notes. The main risks arising from the group's financial instruments are interest rate risk, liquidity risk, credit risk and currency risk. The Board has reviewed and agreed policies for managing each of these risks and they are summarised below.

The group has no financial assets other than trade receivables and cash at bank. The Balance Sheet values for the financial assets and liabilities are not materially different from their fair values.

Interest rate risk

The group finances its operations at present through funds raised on share placings, convertible loan notes and production loan facilities provided by banks. The group manages its exposure to interest rate fluctuations by mixing the duration of its deposits and borrowings to reduce the impact of interest rate fluctuations. Production loan facilities are short term and secured on the licence fee payable by the commissioning broadcaster at various stages of the production, which minimises the impact of any variation in interest rates. The interest rate on the convertible loans referred to in Notes 15 and 17 is variable and is based on six month sterling LIBOR.

Liquidity risk

The group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Some liquidity risk arises from the nature of production income, which does not always arise in an even manner, and the group's policy is to ensure there are sufficient cash reserves to meet liabilities during such periods

Liquidity risk also arises from the interest charges and repayment terms of the convertible loans, which the group seeks to manage by means of periodic charges to each group entity. These are incorporated into rolling 12 month group cash flow forecasts, which are reviewed by the board monthly, and the cash flows are monitored at group level by weekly cash reports from each operating entity. Short term flexibility is provided through the availability of bank overdraft facilities.

Liquidity risk is referred to in the Chairman's statement and in the note on basis of accounting policies.

Credit risk

The Group's principal financial assets are bank balances, cash and trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The group operates to ensure that the payment terms of customers are matched to the group's own contractual obligations in terms of delivery of programmes and rights.

The principal source of group income is commissioning broadcasters, who are not considered to be a significant credit risk because of their size and financial resources. Other group income is derived from distribution sales worldwide, and credit risk is assessed in relation to knowledge of the customer or by credit references; to minimise credit risk contractual terms may require that payment is made before delivery of materials.

Currency risk
The group operates in overseas markets and is subject to exposures on transactions undertaken during the year. The group's exposure to exchange rate fluctuations is small based on its revenue and cost base and its policy is not to hedge against foreign currency transactions.

The sterling equivalent of the Group's assets and liabilities denominated in foreign currencies at the Balance Sheet dates was as follows:

	Assets	Liabilities	Assets	Liabilities
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
US dollar	1,694	2,176	(445)	(558)
Euros	466	359	(28)	(16)
Other	184	241	–	–
Net assets	**2,344**	**2,776**	**(473)**	**(574)**

Whilst the main currency that the Group is exposed to is US dollar, a 10% movement in its rate would not have a material impact on its reported results.

INTEREST RATE AND LIQUIDITY RISK
Interest rate sensitivity
The sensitivity analysis has been based on the average exposure to floating rate debt during the period. It has been assumed that floating interest rates were 200 basis point higher than those actually incurred.

The effect of such a change would be to increase the loss before tax for the year by £197,000 (2008: reduce the profit before tax by £220,000).

Liquidity and interest risk tables
The following table details the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted contractual maturities of the financial liabilities (including interest that will accrue to maturity). The discount column reflects the adjustments necessary to reconcile to the carrying amounts of the financial liabilities.

2009	Weighted average effective interest rate %	Less than 1 month or on demand £'000	1-3 months £'000	3-12 months £'000	1-5 years £'000	More than 5 years £'000	Discount £'000	Total £'000
Fixed rate								
Finance lease obligations	18.5%	1	1	6	25	–	(5)	28
Trade payables	–	1,255	–	–	–	–	–	1,255
Floating rate								
Bank overdrafts		–	–	–	–	–	–	–
Convertible loans	7.7%	–	–	9,935	–	–	–	9,935
Interest on convertible loans		–	191	574	–	–	–	765

2009	Weighted average effective interest rate %	Less than 1 month or on demand £'000	1-3 months £'000	3-12 months £'000	1-5 years £'000	More than 5 years £'000	Discount £'000	Total £'000
Fixed rate								
Finance lease obligations	18.7%	1	2	7	28	–	(4)	34
Trade payables	–	1,255	–	–	–	–	–	1,255
Floating rate	–							
Bank overdrafts		30	–	–	–	–	–	30
Convertible loans	8.7%	–	–	7,245	4,000	–	–	11,245
Interest on convertible loans		–	245	735	490	–	–	1,470

Refer to note 28 for explanation of the reduction of the Convertible Loan note.

20 Share capital

	2009 £'000	2008 £'000
Authorised		
100,000,000 (2007: 5,000,000,000) ordinary shares of 10p (2008: 10p) each	10,000	10,000
50,933,729 (2007: 50,933,729) deferred shares of 0.9p each	458	458
	10,458	**10,458**
Allotted, called up and fully paid		
53,480,503 (2008: 53,144,503) ordinary shares of 10p (2008: 10p) each	5,348	5,314
50,933,729 (2008: 50,933,729) deferred shares of 0.9p each	458	458
	5,806	**5,772**

The deferred shares are not entitled to receive a dividend or other distribution, to attend or vote at any General Meeting and on return of capital on a winding up, shall only be entitled to receive the amount paid up on the shares after holders of the ordinary shares have received £100,000 for each ordinary share.

During the year a small portion of convertible loan debt was converted to equity resulting in £34,000 of shares being issued.

21 CONTINGENT LIABILITIES–SALE AND LEASEBACK AGREEMENTS

One subsidiary company has a liability to pay annual rentals under a sale and leaseback agreement relating to television programme rights until 2015. This obligation has not been recognised in the financial statements because at 30 June 2009 an amount of £519,003 (2008: £507,761) is held in a bank deposit account which may only be used to settle those rental obligations. The deposit is held with the same bank to whom the rentals are paid, and full set-off is applicable in the event of the failure of the bank.

Other subsidiary companies have entered into sale and leaseback agreements relating to television programme rights where the obligations to pay rentals are guaranteed by amounts payable from bank deposits. These obligations have not been recognised in the financial statements because the contingent liability would only crystallise upon the failure of the bank holding the deposit. Further:

(a) the Group is not able to control the deposit account in pursuit of its own objectives and any payments under the lease are due out of this restricted account. The Group has neither control over the bank balance nor over any interest earned thereon.

(b) the risk of reimbursing the amount of fee receivable by the Group in respect of tax losses transferred and the risk of paying an amount due under the guarantee in case of collapse of the bank holding the deposit are remote; and

(c) other than the initial cash flows at inception of the arrangement, the only cash flows expected under this arrangement are the lease payments satisfied solely from funds withdrawn from the separate account established for this arrangement.

Given the above, the asset and the liability in respect of the sale and leaseback transactions do not represent an asset and a liability of the Group and according to SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease", and have not been recognised in these financial statements.

The liabilities from these agreements are as follows:

	Due within 1 year £'000	Due within 2 to 5 years £'000	Due after 5 years £'000	Total £'000
As at 30 June 2009	**1,149**	**5,935**	**8,140**	**15,225**
As at 30 June 2008	**1,116**	**5,762**	**8,874**	**15,752**

22 CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2009 or 30 June 2008.

23 SHARE BASED PAYMENT

The company operates two equity-settled share based remuneration schemes for employees: a long term incentive scheme and an unapproved scheme for non-executive directors and certain senior management. The options are awarded by the Board and are governed by written rules.

Details of the company's share options based on the ordinary shares of 10 pence each are as follows:

At 1 July 2008	Granted during the year	Exercised during the year	Lapsed during the year	At 30 June 2009	Exercise price (pence)	Date from which exercisable	Expiry date
–	–	–	–	–			
350,000	–	–	(350,000)	–	80	26.01.06	25.01.09
112,500	–	–	(112,500)	–	80	24.02.06	23.02.09
462,500	–	–	**(462,500)**	–			

24 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

LOANS FROM DIRECTORS

At 30 June 2009 there were no loans due to directors.

OTHER TRANSACTIONS

During the year the following amounts were received from/(paid to) companies in which the directors have an interest:

	Director	Amount received/(paid) 2009 £'000	2008 £'000	Description
RPTA Limited	R Price	–	(4)	Royalties
The Performance Company	R Price	–	(1)	Royalties
Kazoo Communications Limited	S Pizey	**(3)**	(32)	Office charges
Classical TV Limited	C Hunt (resigned 20/11/08)	–	1,800	Licence fees

The balances outstanding at the year end were as follows:

	Director	Amount receivable/(payable) 2009 £'000	2008 £'000	Description
RPTA Limited	R Price	–	(4)	Net trading balance
The Performance Company	R Price	–	(1)	Net trading balance
Kazoo Communications Limited	S Pizey	**(3)**	(52)	Net trading balance
Classical TV Limited	C Hunt	–	1,800	Net trading balance

25 RETIREMENT BENEFIT SCHEMES

The group operates defined contribution pension schemes for the benefit of three directors. The assets of the scheme are administered by trustees in funds independent from those of the group.

The total cost charged to income of £36,183 (2008: £25,188) represents contributions payable to the schemes by the Group according to the rules of the schemes

26 OPERATING LEASE RENTAL COMMITMENTS

At 30 June 2009 the group had operating lease rental commitments as follows:

	2009 £'000	2008 £'000
Leases expiring within one year:		
Land and buildings	**10**	22
Motor Vehicles	**–**	–
Leases expiring after more than one year but less than five years:		
Land and buildings	**520**	510
Office refurbishment and equipment	**101**	199
Motor Vehicles	**10**	19
	631	728

27 NOTES SUPPORTING THE CASH FLOW STATEMENT

Cash and cash equivalents for the purposes of the cash flow statement comprises:

	2009 £'000	2008 £'000
Cash available on demand	**1,845**	3,129
Overdrafts	**–**	(30)
	1,845	3,099

28 POST BALANCE SHEET EVENTS

REFINANCE OF CONVERTIBLE LOANS

On 30th November 2009 the Group announced that the primary holder of convertible loan notes, Highbridge Capital Management LLC ("Highbridge), has agreed to cancel approximately £6.9 million of convertible loan notes in exchange for approximately £2.5 million of cash and 7,631,048 new ordinary shares of 10p each in the Company ("Ordinary Shares").

The cash consideration is being met from a new senior bank loan from Coutts & Co. of £3m, provided on normal commercial terms, and repayable over three years in equal quarterly installments.

There will remain outstanding approximately £2.9 million of convertible loan notes which are held by, inter alia, Gartmore Investment Management ("Gartmore"). The terms of the outstanding convertible loan notes have been amended by extending the redemption date by three years to November 2012, after the final repayment of the Coutts & Co. loan, and reducing the conversion price to 18p. The 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.

COMPANY BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Intangible assets	5	**–**	–
Tangible assets	6	**7**	11
Investments in subsidiaries	7	**26,532**	26,532
		26,539	26,543
Current assets			
Debtors	7	**6,714**	6,332
Cash at bank and in hand		**12**	54
		6,726	6,386
Creditors: amounts falling due within one year	8	**(12,352)**	(8,632)
Provision for liabilities and charges	9	**–**	(640)
Net current assets		**(5,626)**	(2,886)
Creditors: amounts falling due after more than one year	10	**–**	(3,754)
Total net assets		**20,913**	19,903
Capital and reserves			
Called up share capital	11	**5,806**	5,772
Share premium account	12	**49,100**	49,077
Equity element of convertible loan	12	**328**	328
Profit and loss account	12	**(34,321)**	(35,274)
Shareholders' funds		**20,913**	19,903

The financial statements were approved and authorised for issue by the Board of Directors on 19 December 2009.

J McIntosh
Director
19 December 2009

1 PRINCIPAL ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the historical cost convention and applicable accounting standards, on a going concern basis under UK GAAP. The principal accounting policies have remained consistent with those adopted in the previous year.

At the year end 30 June 2009 the Company's convertible loan debt stood at £9.9m (2008: £11.5m) redeemable by December 2009. The convertible loans had been used to help with the funding of acquisitions made in 2006 and 2007. However, by 30 November 2009, the Group had reduced its debt and refinanced its remaining balance following the agreement of our primary holder of convertible loan notes, Highbridge Capital Management LLC, ("Highbridge") to cancel £6.9 million of convertible loan notes in exchange for £2.5 million of cash and 7,631,048 new ordinary shares. The consequence of the renegotiation of debt is that the potential cash outfllow has been substantially reduced and the remaining outstanding debt deferred. The overall liability at the date of reporting is now £5.9m. The cash consideration paid to Highbridge was met from a new senior bank loan from Coutts & Co. of £3.0m, provided on normal commercial terms, and repayable over three years in equal quarterly instalments. The remaining convertible loan debt, £2.9 million, is redeemable in November 2012 if not previously converted at the fixed price of 18p.

Accordingly the Directors have prepared the accounts on the going concern basis.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over the expected useful economic lives on the following bases:

Short leasehold property improvements	straight line over the life of the lease
Office and technical equipment	25-33% straight line

PROGRAMME RIGHTS

Programme rights are stated at the lower of cost, less accumulated amortisation, or recoverable amount. Cost comprises the cost of production and all other directly attributable costs incurred up to completion of the programme and all programme development costs. Where programmes in development are not expected to proceed, the related costs are written off to the income statement. Amortisation of programme costs is charged in the ratio that actual revenue recognised in the current period bears to estimated ultimate revenue, after making provision for anticipated losses. At each balance sheet date, the directors review the carrying value of programme rights and consider whether a provision is required to reduce the carrying value of the investment in programmes to the recoverable amount. Amortisation and any charge in respect of writing down to recoverable amount during the period are included in the income statement within cost of sales.

FINANCIAL INSTRUMENTS

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the income statement in the financial period to which it relates.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

LEASING

Rentals payable under operating leases are charged to the income statement on a straight line basis over the period of the lease

PENSION COSTS

The company operates pension schemes for the benefit of a number of its directors. The schemes are defined contribution schemes and the contributions are charged against profits as they accrue.

FOREIGN CURRENCY

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any differences are taken to the income statement.

CONVERTIBLE DEBT

The proceeds received on issue of the company's convertible debt are allocated into their liability and equity components and presented separately in the balance sheet.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

SHARE BASED PAYMENTS

Where share based payments previously entered into by the group vested immediately to the individuals involved, the value of share based payments was recognised in the income statement on the date they were awarded. There is no charge in the current year.

2 (LOSS)/PROFIT FOR THE FINANCIAL YEAR

DCD Media plc has taken advantage of section s408 Companies Act 2006 and has not included its own income statement in these financial statements. The Company's profit for the year after tax was £953,401 (2008: Loss £20,525,770).

3 DIVIDENDS

No dividends have been paid or proposed in the year (2008: nil).

4 INTANGIBLE FIXED ASSETS

	Programme Rights £'000
Cost	
At 1 July 2008	2,345
Additions	–
At 30 June 2009	**2,345**
Amortisation	
At 1 July 2008	**2,345**
Provided in year	–
At 30 June 2009	**2,345**
Net book value	
At 30 June 2009	**–**
At 30 June 2008	–

5 PROPERTY, PLANT AND EQUIPMENT

	Short leasehold property improvements £'000	Office and technical equipment £'000	Total £'000
Cost			
At 1 July 2008	122	564	686
Additions	–	–	–
Disposals	–	–	–
At 30 June 2009	**122**	**564**	**686**
Depreciation			
At 1 July 2008	122	553	675
Provided in year	–	**4**	4
Disposed in year	–	–	
At 30 June 2009	**122**	**557**	**679**
Net book value			
At 30 June 2009	**–**	**7**	**7**
At 30 June 2008	–	11	11

6 FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost	
At 1 July 2008	47,652
Additions	–
At 30 June 2009	**47,652**
Amounts written off	
At 1 July 2008	21,120
Provided in year	–
At 30 June 2009	**21,120**
Net book value	
At 30 June 2009	**26,532**
At 30 June 2008	26,532

The principal operating subsidiary companies, which are all 100% owned, are as follows:

Digital Classics Distribution Limited
Digital Classics DVD Limited
DCD Rights Limited (previously NBD Television Limited)
Done and Dusted Group Limited
September Films Limited
Prospect Pictures Limited
West Park Pictures Limited

Done and Dusted Group Limited, September Films Limited, Prospect Pictures Limited and West Park Pictures Limited are involved with the production of programmes for television and other media.
Digital Classics Distribution Limited and NBD TV Limited sell programme rights worldwide to all media.
Digital Classics Education Limited is no longer trading
Digital Classics DVD Limited produces and markets DVD's to the retail market.
All the subsidiary companies are incorporated in England and Wales, except for:

- Done and Dusted Incorporated which is incorporated in New York, and Done and Dusted Production Incorporated which is incorporated in California. Both of these companies are 100% owned by Done and Dusted Group Limited.
- September Films USA Incorporated, which is incorporated in California and is 100% owned by September Films Limited. Iambic Productions Limited, Box TV Limited are not part of the ongoing trading operations.

7 DEBTORS

	2009 £'000	2008 £'000
Amounts owed by group undertakings	**5,633**	6,036
Other debtors	**229**	194
Prepayments and accrued income	**852**	102
	6,714	6,332

The directors have confirmed that under normal circumstances they will not seek repayment within one year of amounts owed to the company by group undertakings at 30 June 2009.

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Bank overdraft (unsecured)	**–**	
Secured convertible loan	**9,686**	7,245
Trade creditors	**499**	512
Amounts owed to group undertakings	**1,203**	–
Taxation and social security	**276**	68
Other creditors	**209**	180
Accruals and deferred income	**479**	627
	12,352	8,632

Included in trade creditors, other creditors and accruals are amounts of £65,382 and £20,166 respectively (2008: £35,382, £nil and £16,166) relating to unpaid directors' remuneration. This has been accrued in accordance with the directors' contracts of service.

9 PROVISIONS FOR LIABILITIES AND CHARGES

	£'000
30 June 2008	640
Amounts incurred and charged against provision during the year	(640)
30 June 2009	**–**

The use of provision relates to non-recurring financial restructuring and premises re-organisation initiated in the prior year.

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £'000	2008 £'000
Secured convertible loan	–	3,754
	–	3,754

The Company entered into a new long-term convertible loan facility of £4,000,000 on 7 August 2007 to assist with the acquisition of September Holdings Limited, Prospect Pictures Limited and West Park Pictures Limited, and is secured on the group's assets. The loan is repayable by 5 August 2011, unless any of the conversion rights have been exercised prior to that date. Interest is chargeable at a variable rate based on GB sterling six month LIBOR, and was 9.225% as at 30 June 2009.

The convertible loan has been valued as a compound instrument, and a calculation has been made to separate the equity element from the liability element of the loan. A discount rate of 12% has been applied to the future interest payments and repayment of the loan. This has resulted in a reduction of the liability by crediting an equity element of £328,000 to reserves. However, there is an interest charge each year in the income statement up to maturity of the loan to equalise this reduction in the liability so that by maturity the full liability is reflected in the balance sheet. The interest charge in the income statement is £82,000 (2008: £82,000).

11 SHARE CAPITAL

	2009 £'000	2008 £'000
Authorised		
100,000,000 (2008: 100,000,000) ordinary shares of 10p (2008: 10p) each	**100,000**	100,000
50,933,729 (2008: 50,933,729) deferred shares of 0.9p each	**458**	458
	100,458	100,458
Allotted, called up and fully paid		
58,064,540 (2008: 53,144,503) ordinary shares of 10p (2008: 10p) each	**5,348**	5,314
50,933,729 (2008: 50,933,729) deferred shares of 0.9p each	**458**	458
	5,806	5,772

The deferred shares are not entitled to receive a dividend or other distribution, to attend or vote at any General Meeting and on return of capital on a winding up, shall only be entitled to receive the amount paid up on the shares after holders of the ordinary shares have received £100,000 for each ordinary share.

12 SHARE PREMIUM ACCOUNT AND RESERVES

	Equity element of convertible loan £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 July 2007	–	33,242	(14,748)	18,494
Loss for the year		–	(20,526)	(20,526)
Share capital issued		15,835	–	15,835
Convertible loan note issued	328			328
At 30 June 2008	**328**	**49,077**	**(35,274)**	**14,131**
At 1 July 2008	328	49,077	(35,274)	14,131
Profit (Loss) for the year		–	953	953
Share capital issued		23		23
Convertible loan note issued	–	–	–	–
At 30 June 2009	**328**	**49,100**	**(34,321)**	**15,107**

13 CAPITAL COMMITMENTS

There were no capital commitments at 30 June 2009 or 30 June 2008.

14 SHARE BASED PAYMENT

The Company operates two equity-settled share based remuneration schemes for employees: a long term incentive scheme and an unapproved scheme for non-executive directors and certain senior management. Where options are awarded by the Board they are governed by written rules.

Details of the Company's share options are detailed in note 23 to the consolidated accounts above.

15 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

Details of related party transactions for the company are as disclosed for the Group in note 24 to the consolidated accounts.

16 PENSION COSTS

The group operated defined contribution pension schemes for the benefit of one director. This scheme is no longer in operation. The assets of the scheme are administered by trustees in funds independent from those of the group.

The total cost charged to income of £11,208 (2008: £25,188) represents contributions payable to the schemes by the Company according to the rules of the schemes.

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