

DCD MEDIA PLC
RESULTS FOR THE YEAR
TO 30 JUNE 2008



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Financial Highlights

Year ended 30 June 2008 – further growth & broader reach

- Revenue increased by 27% to £34.0m (2007: £26.8m)
- Gross profit¹ increased 24% to £7.2m (2007: £5.8m)
- Adjusted Profit Before Tax² up 136% to £2.6m (2007: £1.1m)
- Loss Before Tax³ £25.4m (2007: £0.8m profit)
- Adjusted EBITDA⁴ up 124% to £3.8m (2007: £1.7m)

Note 1 Before impairment of programme rights charges (£2.3m)

Note 2: Profit Before Tax result adjusted for restructuring cost, amortisation and impairment charge

Note 3: Statutory loss before tax as reflected on the face of the Income Statement

Note 4: Adjusted EBITDA equals EBITDA excluding restructuring costs

Operational Highlights

- Most recent trio of acquired companies cemented their position within the Group:
 - September Films had best year with notable development in US
 - Prospect Pictures began to add major documentaries to its lifestyle TV business
 - West Park Pictures performed well with significant documentary series showcasing major talent
- DCD's drama division produced primetime output for BBC One & ITV1 while Arts division achieved acclaim
- The Group added 3 interactive series to its event-staging and concert-filming business Done and Dusted
- Improved economies of scale with further efficiencies being implemented

Post Balance Sheet Events

- Towards year end & during Nov 2008 DCD reorganised Board & Management structure
- New deal signed which will assist growth of distribution division, now branded as DCD Rights
- DCD's performing arts library completed seven figure deal to supply content for new media distribution
- DCD Publishing set up as a stand-alone operation with pipeline of deals already in place
- The Company agreed with the holders of the Convertible Loan Notes to extend redemption dates for outstanding Notes amounting to c£9.9m (including £2.6m purchased by major shareholder) until Dec 2009

Key Financials

	FY2008 (£'000) IFRS	FY2007 (£'000) restated IFRS	FY2006 (£'000) UK GAAP
Revenue	34,007	26,776	13,296
Gross trading profit	7,211	5,777	3,079
(Loss)/profit before tax	(25,439)	797	(1,217)
Net assets	15,667	22,446	21,307
Adjusted PBT	2,590	1,130	(258)

Consolidated Income Statement

	2008 £'000	2007 £'000
Revenue	34,007	26,777
Cost of sales	(26,796)	(21,000)
Impairment of programme rights	(2,324)	-
	<u>(29,120)</u>	<u>(21,000)</u>
Gross profit	4,887	5,777
Administrative & selling expenses	(9,859)	(4,001)
Impairment of goodwill and related intangible assets	(18,218)	(194)
Restructuring Costs	(1,252)	(297)
	<u>(29,329)</u>	<u>(4,492)</u>
Operating (loss)/profit	(24,442)	1,285
Net finance Costs	(997)	(488)
(Loss)/profit before taxation	(25,439)	797
Taxation - current tax	235	(2)
(Loss)/profit after taxation	(25,204)	795
Basic loss per share	(49.54p)	2.63p
Diluted loss per share	(49.54p)	2.01p

Consolidated Balance Sheet

	2008 £'000	2007 £'000
Non-current assets		
Goodwill	16,249	21,819
Other intangible assets	12,848	5,691
Property, plant & equipment	178	212
Other receivables	-	194
	29,275	27,916
Current assets		
Inventories	215	1,076
Trade and other receivables	8,499	7,087
Cash and cash equivalents	3,129	1,003
	11,843	9,166
Current liabilities		
Current liabilities	(11,938)	(7,321)
Convertible loan	(7,245)	-
	(19,183)	(7,321)
Non-current liabilities		
Secured convertible loan	(3,754)	(7,308)
Other incl. deferred tax	(2,514)	(7)
	(6,268)	(7,315)
Net assets	15,667	22,446

Consolidated Cash Flow Statement

	2008 (£'000)	2007 (£'000)
Net cash from operations	6,667	8,892
Net interest and tax paid	(910)	(490)
Acquisitions of subsidiaries	(8,186)	-
Purchase of intangible & tangible assets	(7,887)	(6,861)
Share issue	8,499	-
Net new loans raised/(repaid)	3,980	(2,098)
Increase/(decrease) in cash	2,163	(557)
Cash at the beginning of period	936	1,493
Cash at the end of period	3,099	936

Milestones

- In 2006 DCD acquired 2 production companies diversifying into drama (Box TV), events & entertainment (Done & Dusted), plus distributor NBD TV, all of which have then grown. Part year contributions from them fuelled growth to revenue £13.3m, adjusted loss before tax £0.3m
- FY2007 demonstrated first full year contribution from 2006 acquisitions showing revenue £26.8m & adjusted PBT £1.1m. Turnover doubling year on year since 2005
- In Aug 2007 DCD acquired 3 more established production companies - factual entertainment, reality & formats (September Films), lifestyle & factual (Prospect Pictures) & int'l documentaries (West Park Pictures), each creating programme rights for further exploitation by in-house distribution to continue speed of growth
- FY2008 shows further growth fuelled by acquisitions & internal performance to revenue £34.0m and adjusted PBT £2.6m. DCD broadens its reach geographically & diversify risk profile across new genre areas

Key Growth Drivers – Marketplace

- Overall independent TV producers' revenue in 2007: £2.14bn
- UK TV distributors' revenues in 07: £790m
- In 2007 the BBC and ITV spend on independent producers rose by £140m
- Revenues to smaller independent producers fell in 2007 while the consolidating companies including DCD saw a rise from £936m to £1.08bn
- In UK TV sector £1.18bn 44% of total £2.6bn domestic spend goes to independent producers
- US TV market welcoming UK producers
- The development of new media platforms creates potential new revenues

Source: PACT Census Feb 2008 and Broadcast Magazine Mar 2008

Key Growth Drivers – Company

- Business model mitigates risk with no reliance on any single brand/area
- Diversified and growing client base – currently supplying to 200 broadcasters and other media buyers with no client exceeding 10% of revenue
- Owner & operator of growing content library
- Vertically integrated structure creates synergies
- Improved margins through in-house rights & merchandising opportunities
- Economies of scale & creative synergies

**Source: PACT Census Feb 2008 and Broadcast Magazine Mar 2008*

Group Structure

PRODUCTION

DRAMA

Box TV

MUSIC & STAGED EVENTS

Done and Dusted

ARTS & ENTERTAINMENT

Iambic Productions

FACTUAL & LIFESTYLE

Prospect Pictures

FACT ENT & REALITY

September Films

DOCUMENTARIES

West Park Pictures

Share of group turnover 80%

DISTRIBUTION

DISTRIBUTION

DCD Rights

PUBLISHING

DCD Publishing

Share of group turnover 20%

Review of Business - Production

- **September Films** had best ever year with significant advances in the US, incl. commission of season 6 of record breaking reality series *Bridezillas*, DCD's first children's series *Richard Hammond's Blast Lab* & highly popular 'shock docs' e.g. *The Pregnant Man*
- **Prospect Pictures** added major factual docs to its lifestyle output incl. *The Road To Glory* for BBC Films & *RAF at 90* for BBC Two. Successful *Cooks!* series continued on ITV1
- **West Park Picture** won awards & new commissions incl. primetime doc series *Stephen Fry In America* for BBC One (strong international TV sales, book & DVD spin-offs). 3rd series with Fry, *Last Chance To See* in production.
- **Box TV** produced first major series *The Last Enemy* for BBC One & one-off award-winning drama *Affinity* for ITV1. Slippage on projects with new developments under new 'DCD Drama' brand
- **Iambic Productions** achieved ratings & acclaim for arts & entertainment films e.g. *Werner Herzog* profile on BBC One. *King Lear* starring Ian McKellen for More4 airs Xmas 2008. Executive producer Fiona Morris joined DCD from Endemol, bringing new arts projects for FY09
- **Done & Dusted** added interactive series to its international event-staging and concert-filming business. Achieved Grammy and Rose d'Or nominations with *Aguilera* and *Rolling Stones*

Review of Business - Distribution

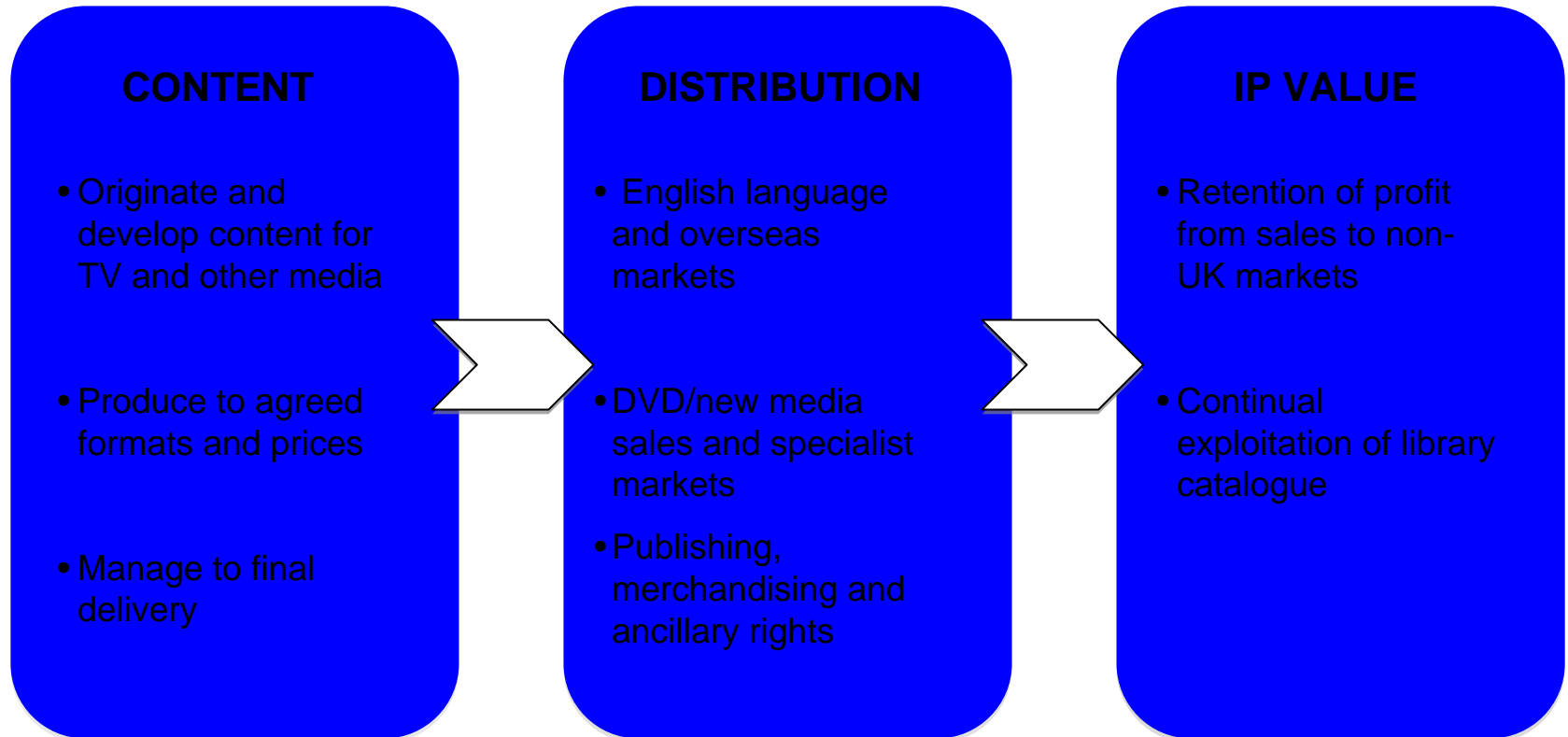
- Distribution consolidated and rebranded as **DCD Rights** with expanded catalogue and record sales at international markets
- New division **DCD Publishing** launched Sept 2008 to exploit retail rights such as book, DVD & merchandising spin-offs, with £2m of new business already contracted
- **Digital Classics** DVD & Download division secured further major content supply deal materially exceeding expectations and launched international video download site
- DCD licensed **internet streaming rights** to 1000+ hours of its classical catalogue to internet broadcaster for an advance of £1.8m
- DCD signed transformatory production **investment fund** deal with potential to double the size of distribution division

Outlook

- Consolidation of the TV production industry works and offers further upside potential
- Strategy of broadening base across genres & territories appropriate in case of softening of the market
- Enhanced primary market opportunities in overseas markets, particularly US
- Further opportunities from improved economies of scale
- More robust financial footing following Convertible Loan Notes renegotiation
- Distribution investment fund expected to deliver extra commission to the Group & further broaden catalogue to generate future income streams

Management Team

- Chairman David Elstein
- Acting CEO /Chief Creative Officer David Green
- Finance Director John McIntosh
- Director Simon Pizey
- Non-executive Director Jim Hytner
- Non-executive Director Tarik Wildman



Independent Sector

Revenues and profits

- Independent Producer revenues up to £2.14bn
- Distribution revenues up to £790m
- Average revenues per company increased by 9.4%
- Average profit margins per company up to 9.3%

Industry consolidation

- 10 companies account for 60% of sector's revenues
- Group-owned companies now generate 66% of industry revenue
- Group-owned companies create 87% of industry growth

Sources of revenue

- UK broadcasters fuelling indies' growth with spending up by £156m
- Revenues from TV increased year on year to £1.89bn
- Multichannel commissions account for 11% of TV revenues
- A large majority of international revenues come from the US

Source: PACT Census Feb 2008

Top Shareholders

Gartmore Investment Management	24.07%
D Green (Acting CEO/CCO)	7.99%
Universities Superannuation Scheme	7.89%
D Elstein (Chairman)	6.30%
MD Barnard & Co	4.90%
S Pizey (Director)	4.54%
I Stewart	4.53%
H Hamilton	4.53%
Brookwell Limited	3.53%

Source: Capita IR Services as at 30 Nov 2008

Q&A



For further information please contact:

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