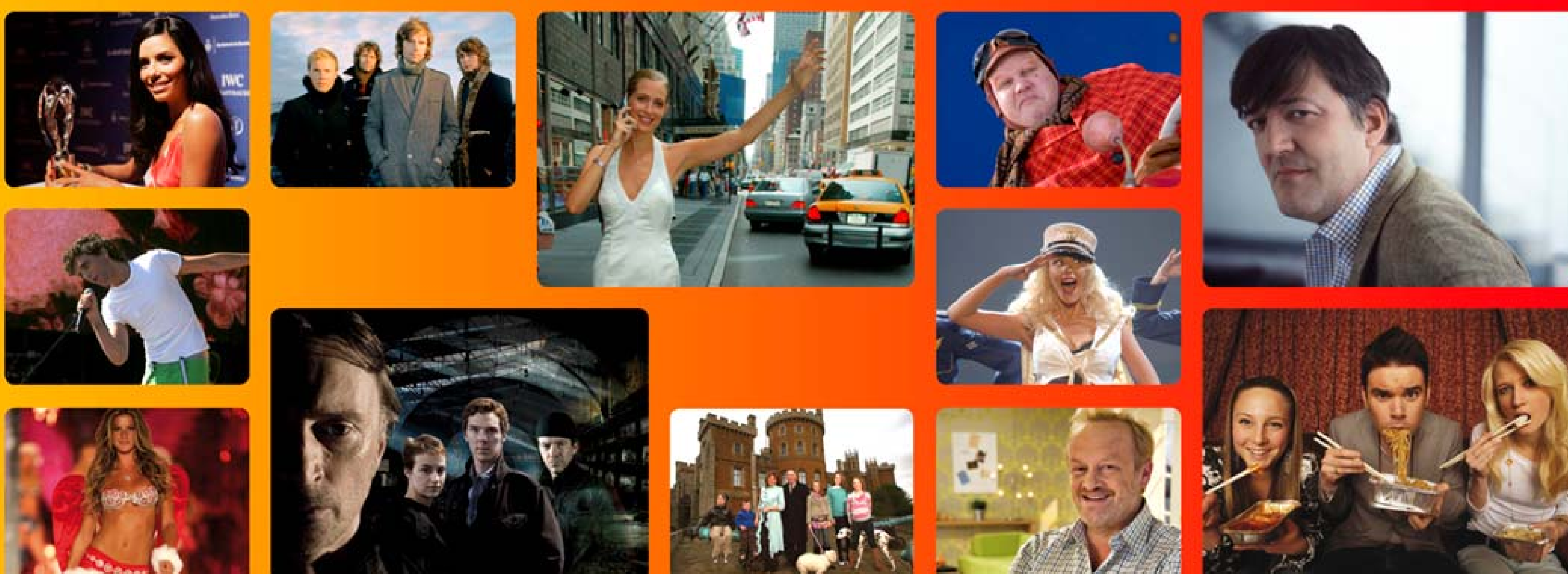
Interim Results for the six months to 31 December 2007



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Financial Highlights

Another period of strong growth

- Revenue for the six months to 31 Dec 2007 up 38% at £18.1m (six months to 31 Dec 2006: £13.1m), reflecting partial contributions from newly acquired companies (August) and organic growth
- Gross profit up 81% at £4.7m (2006: £2.6m)
- PBT* up 56% at £0.25m (2006: £0.16m)

*adjusted for non cash items

Operational Highlights

- The result fulfils Board's expectations for revenue and profit growth and shows its acquisition and consolidation strategy is soundly based
- As in previous years the Group's performance is heavily weighting towards H2, demonstrated by post period-end performance to date plus visible future earnings
- Revenue and profit growth due both to contribution from companies acquired during the period, and internal growth
- Box TV biggest primetime drama series plus mini-series contributes to 1H and 2H 2008
- Done and Dusted add to their concerts and annual events, with continued growth in US, and gained two new television/web series commissions
- Iambic airs its biggest ever commission and develops four projects whose earnings fall in 2H
- NBD TV catalogue and sales significantly increased, including major new media deal
- DVD division secures further major content supply deal materially exceeding expectations

Key Financials

	July '07-Dec '07 6 months (£'000)	July '06-Dec '06 6 months (£'000)	July 06-Jun '07 Year (£'000)
Revenue	18,123	13,132	26,777
Gross profit	4,686	2,603	5,777
Pre-tax (loss)/profit	(606)	(188)	797
Net assets	40,037	21,123	22,446
Adjusted PBT	250	159	1,360

NB – Figures restated under IFRS

Income Statement

	Unaudited 6 months to 31 December 2007 £'000	Unaudited 6 months 31 December 2006 (Restated) £'000	UK GAAP audited IFRS unaudited year to 30 June 2007 (Restated) £'000
Revenue	**18,123**	13,132	26,777
Cost of sales	**(13,437)**	(10,529)	(21,000)
Gross profit	**4,686**	2,603	5,777
Administration costs	**(4,128)**	(2,202)	(4,011)
Profit before amortisation of goodwill and related intangible assets and exceptional items	**558**	401	1,776
Amortisation of goodwill and related intangible assets	**(614)**	(97)	(194)
Exceptional items	**(131)**	(250)	(297)
Operating (loss)/profit	**(187)**	54	1,285
Net interest payable	**(419)**	(242)	(488)
(Loss)/profit before tax	**(606)**	(188)	797
Taxation	**130**	4	(2)
(Loss)/profit for the period	**(476)**	(184)	795
Basic and diluted (loss)/earnings per share	**(1.0p)**	(0.6p)	2.6p

Balance Sheet

	Unaudited **31 Dec 2007** **£'000**	Unaudited 31 Dec 2006 (Restated) £'000	UK GAAP audited IFRS unaudited 30 June 2007 (Restated) £'000
Assets			
Non-current			
Goodwill	**34,449**	21,589	21,819
Other intangible assets	**15,865**	5,676	5,691
Property, plant and equipment	**260**	251	212
	50,574	27,516	27,722
Current assets			
Inventories	**851**	94	1,076
Trade and other receivables	**13,779**	6,341	7,281
Cash and cash equivalents	**3,415**	3,212	1,003
	18,045	9,647	9,360
Current liabilities: amounts due within one year	**(14,954)**	(8,377)	(7,321)
Net current assets	**3,091**	1,270	2,039
Non-current liabilities: amounts due after more than one year	**(13,628)**	(7,663)	(7,315)
Net assets	**40,037**	21,123	22,446
Capital and reserves			
Called up share capital	**5,769**	3,466	3,510
Share premium account	**49,050**	32,942	33,242
Merger reserve	**6,356**	6,356	6,356
Retained earnings	**(21,138)**	(21,641)	(20,662)
Total equity	**40,037**	21,123	22,446

Cashflow

	Unaudited 6 months to 31 December 2007	Unaudited 6 months to 31 December 2006	UK GAAP audited IFRS unaudited year to 30 June 2007
		(Restated)	(Restated)
	£'000	£'000	£'000
Net cash flows (absorbed by)/from operating activities	**(578)**	7,084	8,395
Investing activities			
Acquisition of subsidiary undertakings, net of cash and overdrafts acquired	(8,175)	-	-
Purchase of property, plant and equipment net of sales proceeds	(5)	(121)	(138)
Purchase of intangible assets	(2,630)	(3,153)	(6,723)
Net cash flows used in investing activities	(10,810)	(3,274)	(6,861)
Financing activities			
Issue of ordinary share capital	8,500	-	-
Repayment of loans	-	(2,091)	(2,091)
New loans raised	5,343	-	
Net cash flows from financing activities	13,843	(2,091)	(2,091)
Net increase/(decrease) in cash	**2,455**	1,719	(557)

Outlook

- The independent TV production industry is in a strong growth phase with a market of £1.97bn and growing
- Vertical integration means higher margins and more revenue potential
- The three recent acquisitions caused minimal increase in central costs so nearly all their cash contribution flows to group EBITDA
- Consolidation of the TV production industry clearly works and offers further upside potential
- Significant new media opportunities

Background

- In 2005 DCD Media (then Digital Classics) was a small vertically-integrated producer and distributor of arts programming, revenue £3.1m, loss before tax £0.4m

- In 2006 DCD acquired 2 production companies diversifying into drama (Box TV) and events and entertainment (Done & Dusted), plus distributor NBD TV, all of which have then grown. Part year contributions from them fuelled growth to revenue £13.3m, loss before tax £0.3m

- FY2007 demonstrates first full year contribution from 2006 acquisitions showing revenue £26.8m and PBT £1.3m

- In August 2007 DCD acquired three more production companies, producing factual entertainment formats (September Firms), lifestyle programming (Prospect Pictures) and international documentaries (West Park Pictures), each creating programme rights for further exploitation by NBD TV to continue speed of growth

- 1H2008 shows further growth fuelled by acquisition and internal performance to revenue £18.1m, with heavy weighting to 2H as in previous years

Group Structure

Production

Distribution

Share of group revenue 80%

Share of group revenue 20%

Key Growth Drivers

- Overall independent TV producers’ revenue in 2007: £1.97bn (source: Broadcast Magazine 14 Mar 08)
- In 2007 the BBC and ITV spend on independent producers rose by £140m (source: Broadcast 14 Mar 08)
- Revenues to smaller independent producers fell in 2007 while the consolidating companies including DCD saw a rise from £936m to £1.08bn (source: Broadcast 14 Mar 08)
- In UK TV sector £1.18bn 44% of total £2.6bn domestic spend goes to independent producers
- DCD does not rely on any single brand and now produces over 600 programmes annually
- DCD has diversified and growing client base – currently supplying to 200 broadcasters and other media buyers with no client exceeding 10% of revenue
- The development of new media platforms creates potential new revenues
- Simple vertically integrated structure creates synergies through in house rights exploitation
- Horizontal integration of production units creates economies of scale and creative synergies

Review of Business – Pre existing Divisions

- Box TV develops strong pipeline alongside production of two major drama series
- Done and Dusted adds annual events such as Environmental Media Awards to portfolio and continues filming major concerts, and wins two new music series for BBC and Channel 4
- Iambic Productions has steady period in pre-production on four projects whose main revenues fall in 2H.
- NBD TV consolidates September International catalogue leading to economies of scale and increased revenues and profits, including significant new media income
- DC DVD has best half year fuelled by major content supply deals

Review of Business – New Acquisitions

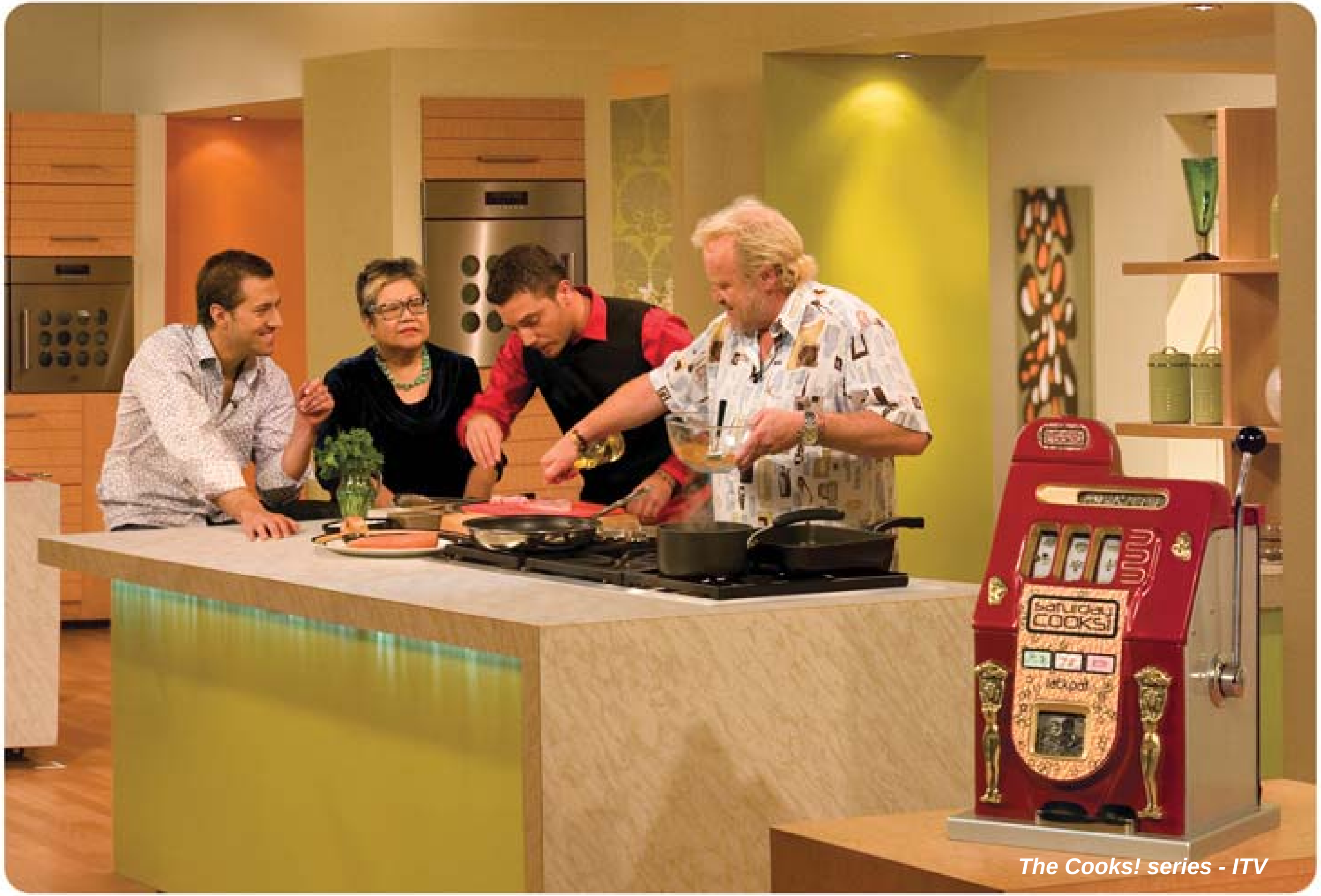
- September Holdings producer of factual entertainment formats e.g. Bridezillas, Hollywood Lives, Haunted Homes for US and UK channels: Since acquisition £7.5m of revenue ordered (mostly 2H 2008) – its best ever performance

- Prospect Pictures, producer of long run lifestyle series e.g. Daily Cooks, Call me a Cabbie – high volume strands providing stable earnings: Since acquisition new Head of Programmes has added documentary slate to lifestyle programming and NBD has started marketing its content internationally

- West Park Pictures producers of international documentaries with major contract with Stephen Fry and high global exploitation potential: Since acquisition has performed strongly with further Fry series and other docs commissioned

- New subsidiaries run by top quality management teams incentivised by shares and all locked into 3 year service agreements

Appendices



The Cooks! series - ITV

Management Team

- Management Team

Chairman	David Elstein
Chief Executive	Chris Hunt
Finance Director	Michael Barton
Chief Financial Officer	John McIntosh
Commercial Director	Justin Thomson-Glover (Box TV)
Director, Distribution	Nicola Davies Williams (NBD TV)
Director, Production	Simon Pizey (Done and Dusted)
Non-executive Director	Richard Price MBE
Non-executive Director	Tarik Wildman

Major Shareholders

Gartmore Investment Management	12.23%
D Green	8.00%
Universities Superannuation Scheme	7.95%
MD Barnard & Co	4.90%
S Pizey (director)	4.54%
I Stewart	4.53%
H Hamilton	4.53%
Artemis Fund Managers	3.53%
Marlborough Fund Managers	3.41%
UBS Global Asset Management	3.06%

Source – Thompson Financial /as at 31 Jan 2008

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