Entertainment One Ltd.

Preliminary announcement for the year ended 31 March 2010

Revenue growth of 30% drives 36% increase in underlying EBITDA[1]

Entertainment One Ltd. ('Entertainment One' or 'the Group'), a leading international entertainment content owner and distributor, announces its preliminary results for the year ended 31 March 2010.

Financial Highlights

- Revenue of £444.2 million up 30% (2009: £342.6 million)
- Underlying EBITDA[1] up 36% at £34.3 million (2009: £25.3 million)
- Reported profit before tax of £6.9 million (2009: loss of £31.0 million)
- Diluted earnings per share of 4.3 pence (2009: loss of 23.2 pence)
- Adjusted diluted earnings per share[2] of 11.5 pence (2009: 8.6 pence), up 34%
- Operating cash flow of £85.2 million (2009: £35.9 million) up 137%
- Adjusted net debt[3] down £17.1 million to £63.2 million (2009: £80.3 million)

Operational Highlights

- 123 films released theatrically in the year including the record breaking box office performance of *The Twilight Saga: New Moon*
- Established as the number one or number two independent film distributor in all core markets
- 213 half hours of original television programming delivered in the year including the new network shows *Rookie Blue* and *The Bridge*
- Expansion of international reach with Australia, New Zealand and France added to global network
- Move to the Main Market of the London Stock Exchange expected to complete in July 2010

Darren Throop, Chief Executive Officer, commented:

"We are extremely pleased with the strong performance of the Group this year and the progress being made positioning the business as one of the world's leading independent entertainment companies. Growth is anticipated to continue in the current financial year underpinned by a strong slate of film releases and television productions. We are optimistic that the move to the Main Market of the London Stock Exchange will enable the Group to further enhance shareholder value."

1 Underlying EBITDA is earnings before operating one-off items, share-based payment charges, interest, tax, depreciation and amortisation of intangible assets. Underlying EBITDA is reconciled to Operating Profit in the 'Other Financial Information' section of this preliminary announcement.

2 Adjusted diluted earnings per share are adjusted for operating one-off items, share-based payments, amortisation of acquired intangible assets and one-off items within net finance costs.

3 Adjusted net debt includes net borrowings under the Group's senior debt facility and exchangeable notes.

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A presentation to analysts will take place on Tuesday 25 May at 9.30am at:
Redleaf Communications, 11-33 St John Street, London EC1M 4AA.

Cautionary Statement

This Preliminary Announcement contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Entertainment One Ltd. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this Preliminary Announcement should be construed as a profit forecast.

A copy of this Preliminary Announcement for the year ended 31 March 2010 can be found on our website at www.entertainmentonegroup.com. Copies of the Annual Report for the year ended 31 March 2010 will be available to shareholders shortly.

BUSINESS PERFORMANCE AND FINANCIAL REVIEW, YEAR ENDED 31 MARCH 2010

OVERVIEW

The financial year to 31 March 2010 saw the Group's content investment strategy delivering strong earnings growth and positive free cashflow. Since listing on AIM in 2007 the Group has invested £140 million in content rights, transforming the financial profile of the Group with Film and Television now representing 50% of revenue and 69% of underlying EBITDA in the year to 31 March 2010.

Entertainment One's Film business success continued with 123 theatrical releases including *The Imaginarium of Dr Parnassus, Astroboy* and *The Twilight Saga: New Moon* which delivered a record-breaking box office performance on its opening weekend. The business is now established as the number one or number two independent distributor in each of its three core territories.

The Group also continued to develop its footprint, expanding into Australia, New Zealand and France through partnership deals with local independent distributors, extending the Group's market reach for its growing catalogue.

The continued investment in content rights helped underpin the Group's independent library valuation which increased from US$175 million to US$220 million. Library revenues represented 28% of Film revenues in the year to 31 March 2010.

The Television business continued to expand both its production slate and the scale of its productions delivering 213 half hours of programming including the new network series *Rookie Blue* and *The Bridge*. The business continues to win new commissions including second series of *Call Me Fitz* and *Hung* while new drama series *Haven,* based on a novella by Stephen King, is expected to premiere in the US and Canada in July 2010. This strong pipeline will help underpin future success in the international sales markets.

Within Television, the Kids business had another strong year. *Peppa Pig* is now the number one girls' pre-school property in the UK and has generated over £100 million of retail sales through its merchandising and licensing agreements. In addition *Ben & Holly's Little Kingdom*, which launched on Nick Jr in April 2009, won a BAFTA for Best Pre-School Animation and is already being broadcast in more than 70 countries.

Digital continues to represent a growing part of the business, generating almost £20 million in revenues in the year to 31 March 2010. The Group continues to embrace the exciting opportunities this channel to market has to offer and during the year enhanced its service infrastructure and signed the first multi-territory independent film distributor deal with iTunes. These initiatives provide a solid base from which the business will benefit as this segment of the market grows.

The Distribution business in North America performed well. The Canadian operation continues to win new business and increase market share, while the US business grew through increased video and digital volume.

During the year the Group extended its financing facility and at 31 March 2010 (based on prevailing exchange rates) had facilities available of US$177 million with US$58 million of headroom on its drawdown position at the year end. In addition in January 2010 the Company raised £10.3m of equity to repurchase 74% of its exchangeable notes debt at a significant discount for £9.0 million. As a result of the repurchase and the positive free cashflow, adjusted net debt was down year on year resulting in a reduction in adjusted net debt leverage to 1.8 times underlying EBITDA (2009: 3.2 times).

In March the Company announced the proposed move of the Group's listing from AIM to the Main Market of the London Stock Exchange and expects this to complete during July 2010. At the same time the Group plans to simplify the corporate structure, and re-domicile to Canada from the Cayman Islands. The Directors believe that these steps will give the Group a higher profile, increase liquidity and enhance the Group's reach to a wider range of investors, providing a platform for future growth and improved shareholder value.

OUTLOOK

Looking forward, the Group remains optimistic about its expected performance in the forthcoming year. The Film business has a strong slate of releases planned, and the Television business continues to grow its programme pipeline and successfully build the profile of the Group internationally. Distribution continues to perform to plan.

Over the last three years the Group has established itself as a leading independent entertainment content and distribution business and continues to target corporate acquisition opportunities and partnerships to extend its operations while reviewing opportunities for consolidation in existing markets.

STRATEGY

The Group's strategy is based on the ownership and control of entertainment rights for exploitation across all media channels. It is the Group's intention to continue to pursue its strategy through investing in organic growth and seeking opportunities to increase its scale through corporate activity.

The Group's Film business offers independent film producers an alternative to the major studios' model, while enabling Entertainment One to build competitive advantage in the market and deliver improved cost efficiency at a lower risk. With a large portfolio of theatrical releases each year the Group manages the risk associated with any one title. Moving forward, the business will grow the number of films it distributes by enhancing relationships with current production partners as well as expanding the list of independent producers from which it acquires film rights. While leveraging its established capabilities in its current markets, the business will also look to expand its multi-territory distribution infrastructure.

Television diversifies the Group's revenue across the spectrum of filmed entertainment. With established reach into the U.S. and international broadcast markets, the Group's television business is well positioned to drive long-term value from original programming across multiple genres. It typically controls the worldwide rights, across all platforms, to all of its productions.

In Canada and the U.S., the Distribution division delivers physical and digital content to more than 4,000 retail partners. Alongside leveraging this network to market the Group's own library of content, the business provides third-party distribution services to a wide range of content producers including the major Hollywood studios.

CORE MARKETS

The main markets that impact on the Group's businesses are Film and Television. Both markets continue to develop with a positive outlook.

Film Market

The Film market is split into three key segments: box office, home entertainment (including home video and digital) and television. In 2009, despite the global economic climate, the market increased by just over 1% to US$107 billion with strong box office performance and growth in digital channels offsetting a modest decline in home video and television. The overall market is expected to continue to grow over the next three years.

Global box office had a record year in 2009, generating revenues of US$29.7 billion, up almost 6% on the prior year. This trend was mirrored in the key markets in which the Group operates. Canada was up 6% year on year, with the UK and Benelux up 5% and 7% respectively. The performance of an individual title relies not only upon the health of the overall market but also on the quality of the product and its consumer acceptance. There is, however, a strong relationship between the box office success of a title and its future sales in the other distribution channels.

Entertainment One's share of box office in its core markets positioned the Group as either number one or number two in each territory among independent distributors. Box office revenues are expected to continue to grow, supported by an increasing number of digital screens in cinemas and the continued development of 3D.

The home entertainment market comprises physical media such as DVD and Blu-ray discs as well as digital channels including internet downloads and 'video on demand'. Success in this channel is driven by the quality of product, consumer acceptance and box office performance (where a title has previously been released theatrically). The home entertainment market continues to represent the largest proportion of a film's revenues over the life of a title and as such the dynamics of this segment of the market are a key driver of the performance of the Group.

The global home entertainment market was worth US$55.1 billion in 2009 compared to US$54.4 billion in 2008, with strong growth in Blu-ray and digital broadly offsetting a 2.8% decline in the traditional DVD market. This trend is predicted to continue with the overall market forecast to remain broadly level over the next few years with a similar profile in the countries in which the Group operates.

Television Market

The Television market is influenced heavily by television broadcasters who derive their revenues from advertising and also directly from consumers through license fees or subscriptions. These revenues flow into the industry as broadcasters provide direct financing for new television productions and license content from independent producers and distributors. The global economic downturn has had an impact on the television industry across the globe, as advertising revenues have fallen. This has resulted in cuts to broadcaster budgets for the funding of new productions and the acquisition of content from distributors. There are recent signs of recovery in advertising revenues and as a result broadcasters are expected to increase expenditure in the future.

The Group's television production business in Canada continues to benefit from a robust production financing environment supported by Government led financing initiatives. This allows the business to continue to deliver high quality content while also maintaining the rights to the content in perpetuity. This has enabled the Group to expand its slate of productions with the major US networks, at a time when the sector has been negatively impacted by an overall market decline of 4% in 2009. The Television market is forecast to return to growth over the next five years.

SUMMARY FINANCIAL PERFORMANCE

The Group has reported another year of strong growth driven by the increased investment in film and television content over the last two years. Revenue increased by 30% from £342.6 million to £444.2 million. Adjusting for the effects of currency and prior year acquisitions, revenue increased by 18%. Reported profit before tax was £6.9 million compared to a loss of £31.0 million in the prior year. Excluding depreciation, amortisation, share-based payments and one-off items, adjusted profit before tax was £22.1 million compared to £16.4 million in 2009 and was driven mainly by the growth of the Film business in the year to 31 March 2010.

Earnings before interest, tax, depreciation, amortisation, share-based payments and one-off items ('underlying EBITDA') increased strongly, by 36%. Adjusting for exchange translation benefit and prior year acquisitions, underlying EBITDA increased by 25%. The Group's investment in content and programmes continued to increase and as a result earnings were depressed due to the accounting requirement to recognise the full cost of Print and Advertising ('P&A') at the point it is incurred. P&A increased in the year from £40.2 million to £60.1 million.

	2010 Reported (audited)	**2009 Reported (audited)**		**2009 – Proforma, Constant Currency (unaudited) ***	
	£000	**£000**	**%**	**£000**	**%**
Revenue	444,172	342,643	29.6%	375,642	18.2%
Underlying EBITDA	34,334	25,256	35.9%	27,579	24.5%
Print and Advertising	60,124	40,220	49.5%	43,221	39.1%
Investment in content & programmes	74,663	47,838	56.1%	63,848	16.9%

* Unless otherwise stated, in order to provide like for like comparisons, the discussion of results and analysis of comparisons to the prior year are on an unaudited constant currency and proforma basis. For the purposes of this analysis constant currencies have been calculated by retranslating the comparative figures using weighted average exchange rates for the year to 31 March 2010. The proforma information used for the prior period includes the full year results of the Television businesses that were acquired in September 2008.

DIVISIONAL REVIEWS

The Group is split into two divisions: Entertainment and Distribution.

ENTERTAINMENT

The Entertainment division comprises the Film and Television businesses.

Film

Film comprises the Group's film operations in the UK, Canada, the US and Benelux. These businesses acquire and exploit film content through all major channels (theatrical, home entertainment, television and digital). The US film business focuses mainly on home entertainment, including digital.

Revenue increased by 52% in the year to £208 million due in particular to growth in the UK and in Canada. Despite P&A spend increasing by 39% to £58.0 million underlying EBITDA more than doubled from £7.7 million to £18.1 million. Investment in content was £50.6 million as the Group continues to invest in future releases to drive growth.

Film *	**2010 Reported (audited)**	**2009 Reported (audited)**		**2009 Constant Currency (unaudited)**	
	£000	**£000**	**%**	**£000**	**%**
Revenue	208,112	127,333	63.4%	136,711	52.2%
Underlying EBITDA	18,104	7,054	156.6%	7,721	134.5%
P&A	57,994	39,059	48.5%	41,810	38.7%
Investment in content	50,607	35,918	40.9%	37,820	33.8%

* Results of the UK Kids business are now included within Television and prior year figures in the above table have been adjusted accordingly.

The Group continues to expand its multi-territory slate and released a number of films in multiple territories in 2009/10. These included *Sorority Row*, *Bandslam*, *Astroboy*, *The Imaginarium of Dr Parnassus* and *Remember Me.* In 2010/11 the multi-territory slate is expected to continue to grow with cross-border releases of titles including family movie *Furry Vengeance* (starring Brendan Fraser and Brooke Shields), romantic comedy *Letters to Juliet* (Amanda Seyfried, Gael Garcia Bernal and Vanessa Redgrave) and action thriller *Red* (Bruce Willis, Morgan Freeman and Helen Mirren).

The business also expanded its international footprint allowing it to release content under the Group's label in Australia, New Zealand and, just after the year end, in France following agreements with local distributors.

Following on from the success of *Twilight* in the previous financial year, November 2009 saw the release of the second film in the Twilight Saga series. *The Twilight Saga: New Moon* was one of the top 10 grossing films globally in 2009, achieving box office takings of over $700 million, and broke box office records in both the UK and Canadian markets, where the Group controls distribution rights. The film was released on DVD in March 2010 and with total sales of almost two million units in the first month of release is one of the highest selling DVDs in 2010 in both territories. The first of the *Twilight* films has achieved over two million DVD sales to date in the UK and almost one million in Canada. The third film in the five part series, *The Twilight Saga: Eclipse*, is due for release in June 2010.

In the UK revenue more than doubled in the first full year since the launch of its theatrical business. Ten films were released theatrically compared to four in the previous year. In addition to the multi-territory films, other successful releases included the BAFTA award winning and Oscar™ nominated film *An Education*, and the Christmas themed family film *Nativity*. Home video was driven by strongly performing series such as *Ashes to Ashes,* kids DVDs *The Gruffalo* and *Peppa Pig* and film DVDs including *Bronson, Damage* and *Dead Snow.*

2010/11 will see another strong slate of theatrical releases. In addition to multi-territory titles, UK releases will include the comedy *The Joneses* (starring Demi Moore and David Duchovny), thriller *Fair Game* (Sean Penn and Naomi Watts), *The Way Back* (Colin Farrell, Mark Strong and Saoirse Ronan) and the company's first 3D release *The Hole 3D*. In addition to the theatrically released titles, DVD releases will include *Streetdance3D, Bodyguards and Assassins* and *The Tortured*.

In Canada revenue increased by over 50% as the business continued to invest to build its catalogue. 59 titles were released theatrically including Roman Polanski's *Ghost Writer* and Atom Egoyan's thriller *Chloe*. The home video business expanded rapidly, growing revenues by over 70%. In addition to the multi-territory titles, DVD releases included *Push*, Steven Soderbergh's *Che*, *Ong Bak 2*, *Sunshine Cleaning* and *Universal Soldier – A New Beginning*.

Major theatrical releases for 2010/11 include *Splice* (starring Adrien Brody and Sarah Polley), *Tree of Life* (Brad Pitt and Sean Penn), *The Killer Inside Me* (Jessica Alba, Casey Affleck, Kate Hudson and Bill Pullman) and *Barney's Version* (Paul Giamatti, Dustin Hoffman, Minnie Driver and Scott Speedman). DVD releases will include *Unthinkable* (Samuel L. Jackson and Michael Sheen), *Triage* (Colin Farrell and Paz Vega), *The Runaways* (Kristen Stewart and Dakota Fanning) and *Centurion* (starring Michael Fassbender).

In the Benelux revenues were in line with the strong performance in the previous year and the business maintained its position as the leading independent distributor in the market. Theatrical sales were supported by a strong box office with the most successful releases including *Fame*, *17 Again*, *Edge of Darkness, Paranormal Activity* and local titles *Terug naar de Kust* and the second in the *Sinterklaas* (Santa Claus) family film series. Home video revenues were broadly in line with the prior year while sales to television broadcasters were lower due to the challenging market conditions.

Another strong slate of releases is expected during 2010/11 including Wes Craven's *Scream 4* (starring Courteney Cox, David Arquette and Neve Campbell), thriller *Dream House* (Daniel Craig, Rachel Weisz and Naomi Watts), dance movie *Streetdance 3D* and the third film in the *Sinterklaas* series.

US video label revenues almost doubled, delivering 104 DVD releases including *The Haunted Airman*, *Night Train*, *Motherhood*, *Baby on Board* and *Staten Island*. Forthcoming releases in 2010 include *The Greatest*, *Love Ranch*, *Ellery Queen*, *American Bandits* and a re-release of the classic *La Dolce Vita*.

Film also incorporates the results of the US music label. Revenue from the US Music label, which represents just over 3% of the Group's revenues and less than 3% of EBITDA, was down 15% compared to prior year. The lower revenues follow the decision to reduce investment in music content following the decline in the market in the second half of the previous financial year. A number of successful releases on the Group's music label included new albums by *DJ Khaled*, *Slim Thug* and *Brian McKnight*. 2010 will see releases from artists including *Jim Jones, Dorrough*, *Zakk Wylde* and *Vivian Green*.

Television

Television comprises the television production and international sales businesses acquired in September 2008 and, for the first time, the UK Kids business. On a proforma and constant currency basis, revenue increased by 21% to £43.7 million. Investment in content was similar to the prior year.

Television *	2010 Reported (audited)	2009 Reported (audited)		2009 – Proforma, Constant Currency (unaudited)	
	£000	**£000**	**%**	**£000**	**%**
Revenue	43,707	29,890	46.2%	36,268	20.5%
Underlying EBITDA	8,434	8,657	(2.6%)	8,782	(4.0%)
Investment in content & programmes	24,057	11,920	101.8%	26,028	(7.6%)

* Results of the UK Kids business are now included within the Television business and prior year figures in the above table have been adjusted accordingly.

Underlying EBITDA was broadly flat despite the higher revenue due mainly to the profile of shows delivered in the year and an increase in marketing and infrastructure costs to support delivery of the increased television pipeline.

2009/10 saw the delivery of 213 half hours of production compared to 163 in the prior year, including Kids. Major shows delivered included network police drama series *The Bridge* and new series of established scripted titles such as *Kenny Vs Spenny* and non-scripted titles such as *Megabuilders, Re-Vamped*, *Outlaw Bikers* and *Party Mamas*. A number of shows were partially delivered at the end of the financial year including 9 out of 13 episodes of *Rookie Blue* (originally commissioned under the working title *Copper*) and 4 episodes of the new crime drama *Shattered*. HBO comedy *Hung* premiered to critical acclaim, becoming the highest rated debut series in the network's history. Three TV films were delivered during the year: *When Love is Not Enough: The Lois Wilson Story*, *Made* and *Living Out Loud* and three pilots*: Men With Broom, Skins* and *Summer Camp.* The Television business has a growing profile in the international television market and has already succeeded in selling a number of recent titles to overseas broadcasters in Europe and Latin America.

There are a number of productions currently in the pipeline for delivery in 2010/11 including drama series *Haven,* based on a novella by Stephen King, which is expected to premiere in the US and Canada in July, comedy series *Call me Fitz* (starring Jason Priestly) and new series of *Re-Vamped, Party Mamas* and *Outlaw Bikers.* 2010/11 will also see delivery of the remaining episodes of *Rookie Blue* which is scheduled to premiere on ABC and Canwest in June, and *Shattered.* Recent commissions include second series of *Call me Fitz* and *Hung,* while the pilots of *Men With Brooms* and *Skins* have both been ordered to series. A deal has also been announced to produce a one hour drama series based on John Grisham's bestselling book *The Firm.* A number of other series have received development commissions for further scripts and at 31 March 2010 contracted revenues not yet recognised relating to work in progress were £21 million.

The Kids business had another excellent year. In the UK, *Ben & Holly's Little Kingdom* and *Lost & Found* both won BAFTA awards while *Peppa Pig,* which continues in production, is now the number one girls' pre-school licensed property in the UK. In Canada a first series was delivered of *Majority Rules* while a production and development deal was signed to create a half-hour kids television comedy series based on the legendary rock band KISS. A long-term deal was also agreed with Canadian kids production company, Amberwood Entertainment, giving the Group worldwide distribution rights to more than 240 half hours of Amberwood's catalogue of titles including *The Secret World of Benjamin Bear*, *Rob the Robot*, *Hoze Houndz* and *Katie and Orbie*.

DISTRIBUTION

The Distribution division comprises the Group's physical warehousing and distribution businesses in Canada and the US. Overall revenue at £231 million was in line with the prior year.

Distribution	2010 Reported (audited)	2009 Reported (audited)		2009 Constant Currency (unaudited)	
	£000	£000	%	£000	%
Revenue	230,984	212,093	8.9%	231,197	(0.1%)
Underlying EBITDA	13,257	13,376	(0.9%)	14,723	(10.0%)

The Canadian business sells DVDs and other home entertainment products for the Group's own Entertainment division and also for the major US studios and other third party producers. As a consequence its sales are impacted by the strength of the overall home entertainment market in Canada. Revenue was broadly in line with the previous year, representing an increase in market share as the DVD market declined 5% year on year. DVD volumes were 2.5% lower although the impact on the business was mitigated by increased sales of higher margin Blu-ray discs and games. Vendor Managed Inventory revenues, where the company retains ownership and management of inventory in certain retail outlets, continued to create incremental opportunities and sales grew by more than 25% in this area.

The US business distributes DVDs, and other home entertainment products for the Group's in-house video and music labels and other third parties. In response to the declining US music market and following the successful business restructuring in early 2009 increasing focus is being placed on growing sales in home video in partnership with the Group's entertainment division. Home video made up 23% of revenue compared to 14% in the previous year.

GROUP COSTS

Group costs at £4.5m (2009: £3.8m) before one-off items were higher than the prior year mainly due to the corporate function expanding to support the growth of the Group.

OTHER FINANCIAL INFORMATION

A summary of adjusted financial information is presented in order to provide information to investors and excludes the following: one-off items, amortisation of acquired intangible assets, share-based payments and non-recurring items within net finance charges.

Adjusted operating profit increased 37% to £32.1 million (2009: £23.5m) reflecting the growth in underlying EBITDA. Adjusted profit before tax increased 35% to £22.1 million reflecting the increased operating profit partially offset by higher finance charges.

	Adjusted (audited)		Reported (audited)	
	2010 £000	2009 £000	2010 £000	2009 £000
Underlying EBITDA	34,334	25,256	34,334	25,256
One-off items	-	-	(1,582)	(29,677)
Amortisation of intangible assets	(199)	(49)	(17,488)	(15,168)
Depreciation	(2,019)	(1,699)	(2,019)	(1,699)
Share-based payments	-	-	(2,743)	(4,171)
Operating profit / (loss)	32,116	23,508	10,502	(25,459)
Net finance charges	(10,033)	(7,103)	(3,627)	(5,550)
Profit / (loss) before tax	22,083	16,405	6,875	(31,009)
Taxation	(4,493)	(4,530)	(321)	578
Profit / (loss) after tax	17,590	11,875	6,554	(30,431)

One-off Items

One-off items totalled £1.6 million and included £0.4 million of initial costs incurred as part of the graduation to the Main Market of the London Stock Exchange and proposed migration of the Group to Canada. This project is expected to be completed in July 2010 and is anticipated to cost a further £1.6 million in the 2010/11 financial year. Remaining one-off items comprise costs incurred in the year relating to completion of projects classified as one-off in the prior year.

Amortisation of Intangible Assets and Depreciation

Amortisation of intangible assets increased from £15.2 million to £17.5 million and depreciation increased by £0.3 million to £2.0 million primarily reflecting a full year's impact of the Television businesses which were acquired in the prior year.

Share Options

The share-based payments charge of £2.7 million decreased in line with the vesting profile of the share options. £0.1 million of the charge in the year ended 31 March 2010 relates to options granted in the year while the remainder relates to options granted following formation of the Group in 2007, the majority of which have now vested. A new three year incentive plan has been implemented for the Board executives from 1 April 2010.

On 24 May 2010, in association with the ongoing commercial relationship with Summit Entertainment LLC ('Summit'), 2,500,000 warrants were issued to Summit. These warrants are subject to time related vesting criteria.

Net Finance Charges

Reported net finance charges decreased from £5.6 million to £3.6 million.

A number of items impact net finance charges, in particular the impact of buying back 74% of exchangeable notes at a discount in February 2010, which resulted in a one-off gain of £7.3 million. Other one-off items include movements in the fair value of financial instruments and, in the prior year, the impact of an extension to the maturity period of the exchangeable notes. Adjusting for these items net finance charges increased from £7.1 million to £10.0 million. The increase is due mainly to higher debt balances following the increased investment in content and payments associated with acquisition of the Television businesses in September 2008. Other factors contributing to the higher charge include £0.8 million higher amortisation of deferred finance charges, due to a full year impact following the refinancing in September 2008, and the absence of £0.7 million foreign exchange gains that were recognised in the prior year.

The weighted average interest cost was 6.3% compared to 7.1% in the prior year, giving a cash interest cover of 6.0 times underlying EBITDA (2009: 6.3 times).

Tax

The tax charge for the year was £0.3 million (2009: £0.6 million credit) giving an effective tax rate of 4.7% compared to an effective tax rate of 1.9% in the previous year. The low effective rate arises mainly due to the one-off gain from the repurchase of exchangeable notes in the year. The rate is also distorted by the impact of non-deductible share-based payment charges.

On an adjusted basis, excluding one-off items, amortisation of intangible assets, share-based payments and other net finance items, the effective tax rate was 20% (2009: 28%). This is lower than the average tax rates of the countries in which the Group operates due to benefits in some jurisdictions from utilising historic tax losses. The adjusted effective rate is anticipated to increase in future years as these losses are utilised.

Earnings per Share

Reported profit after tax was £6.6 million compared to a loss in the prior year of £30.4 million reflecting the absence of significant one-off charges in the year to 31 March 2010. Consequently the reported diluted earnings per share was 4.3 pence (2009: loss of 23.2 pence). On an adjusted basis profit after tax was £17.6 million, 48% ahead of the prior year. The adjusted diluted earnings per share was 11.5 pence (2009: 8.6 pence), up 34%. The number of shares used in the earnings per share calculations include the weighted impact of 19.5 million shares that were issued in February 2010 in connection with the repurchase of exchangeable notes.

Cashflow and Financing

The Group's cash balances increased by £5.8 million during the year.

	31 March 2010 £000	31 March 2009 £000
Net cash from operating activities	85,201	35,851
Investment in content rights and TV programmes	(74,663)	(47,838)
Purchase of other non-current assets *	(1,973)	(2,931)
Free cashflow	8,565	(14,918)
Acquisition of subsidiaries	(5,916)	(8,924)
Net interest paid	(5,699)	(3,978)
Net proceeds from issue of ordinary shares	10,035	-
Cash paid on repurchase of exchangeable notes	(9,000)	-
Cash from other financing activities	7,854	21,053
Net increase/(decrease) in cash and cash equivalents	5,839	(6,767)

* Other non-current assets comprise property, plant and equipment and intangible software.

Cash flows from operating activities at £85.2 million were significantly ahead of the previous year reflecting the improved underlying EBITDA and strong cash generation from the Group's investments made in the last three years. Net working capital balances were broadly unchanged compared to last year.

The Group invested £74.7 million in content rights and television programmes in the year (2009: £47.8 million) and incurred cash costs relating to the acquisition of the Television businesses in the prior year of £5.9 million. Investment in content rights and television programmes is anticipated to continue to increase in the new financial year.

The Group's overall net debt reduced from £89.8 million to £86.1 million as follows:

	31 March 2010 £000	31 March 2009 £000
Net debt at 31 March b/f	(89,795)	(47,828)
Movement in cash and cash equivalents	5,839	(6,767)
Net movement in borrowings	(7,854)	(21,053)
Repurchase of exchangeable notes	15,586	-
Foreign exchange movements	(5,534)	(2,861)
Other items	(4,298)	(11,286)
Net debt at 31 March c/f	(86,056)	(89,795)

The reduction in net debt comprises a decrease in senior net debt of £4.1 million and a decrease in exchangeable notes of £13.0 million offset by an increase of £13.4 million in net debt arising from investment in the Television Production business. The net debt balances at 31 March 2010 comprise the following:

	£'000 2010	£'000 2009
Cash and other items (excl. Television Production)	(17,116)	(7,420)
JP Morgan – Senior Revolving Credit Facility	74,703	69,097
Senior Net Debt	57,587	61,677
Exchangeable Notes	5,612	18,642
Adjusted Net Debt	63,199	80,319
Television Production Net Debt	22,857	9,476
	86,056	89,795

Adjusted net debt leverage (defined as adjusted net debt divided by underlying EBITDA) reduced significantly during the year and was 1.8 times at 31 March 2010 compared to 3.2 times in the prior year. The Group continues to expect to reduce its adjusted net debt leverage in the new financial year.

Senior Net Debt

The Senior Net Debt balance was £57.6 million, down £4.1 million from the previous year end as a result of the strong performance of the business.

In the first half of the year the Group re-denominated its US Dollar senior credit facility into local currencies and also expanded its facility by US$7.5 million. In October 2009 the Group further expanded its facility by US$15 million. At 31 March 2010, using prevailing exchange rates, the total available facility was US$177 million. The Group does not anticipate drawing on these additional amounts but they provide the Group with capital to pursue its strategic objectives should opportunities become available.

Exchangeable Notes

The exchangeable notes are subordinated to the senior credit facility and do not contain covenants that would result in the exchangeable notes becoming payable prior to the end of their term in September 2013. Interest on the exchangeable notes is not payable in cash but accrues and is payable alongside the principal on maturity if the option to convert to equity is not exercised.

In January 2010 the Company raised £10.3 million of equity to repurchase 74% of the exchangeable notes debt at a discount for £9.0 million. This resulted in a one-off gain of £7.3 million.

Television Production Net Debt

Television Production net debt increased year on year to £22.9m reflecting the success of the business in growing its production slate.

The Television Production financing is independent of the Group's senior credit facility and is not secured over all of the Group's assets. It is attributable to individual production companies within the Television business and represents shorter-term working capital financing that is arranged and secured on a production-by-production basis.

Financial Position and Going Concern Basis

The Group's net assets increased from £133.2 million at 31 March 2009 to £164.0 million at 31 March 2010. The increase of £30.8 million was mainly due to the strong trading in the year and impact of the gain on repurchase of exchangeable notes.

The directors acknowledge guidance issued by the Financial Reporting Council relating to going concern. The directors consider it appropriate to prepare the accounts on a going concern basis, as set out in Note 1 to this preliminary announcement.

Consolidated Income Statement
For the year ended 31 March 2010

	Notes	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Revenue	2	444,172	342,643
Cost of sales		(341,731)	(270,123)
Gross profit		102,441	72,520
Administrative expenses		(91,939)	(97,979)
Operating profit/(loss)		10,502	(25,459)
Analysed as:			
Underlying EBITDA		34,334	25,256
Amortisation of intangible assets		(17,488)	(15,168)
Depreciation		(2,019)	(1,699)
Share-based payment charge		(2,743)	(4,171)
One-off items	3	(1,582)	(29,677)
		10,502	(25,459)
Finance income	4	7,777	4,866
Finance costs	4	(11,404)	(10,416)
Profit/(loss) before tax		6,875	(31,009)
Income tax (charge)/credit	5	(321)	578
Profit/(loss) for the year		6,554	(30,431)
Attributable to:			
Equity holders of the parent		6,554	(30,431)
Earnings/(loss) per share			
Basic – pence	7	4.6	(23.2)
Diluted – pence	7	4.3	(23.2)

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2010

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Profit/(loss) for the year	6,554	(30,431)
Exchange differences on translation of foreign operations	10,585	21,456
Fair value gains on cash flow hedges	488	-
Tax relating to components of other comprehensive income	(123)	-
Total comprehensive income/(loss) for the year	17,504	(8,975)
Attributable to:		
Equity holders of the parent	17,504	(8,975)

Consolidated Balance Sheet
As at 31 March 2010

	31 March 2010 £'000	31 March 2009 £'000	31 March 2008 £'000
Assets			
Non-current assets			
Goodwill	105,045	99,699	80,681
Investment in programmes	26,014	19,446	4,672
Other intangible assets	77,366	87,397	70,465
Investments	128	471	319
Property, plant and equipment	5,397	6,453	5,031
Other receivables	1,714	1,239	549
Deferred tax assets	2,014	3,245	1,006
Total non-current assets	217,678	217,950	162,723
Current assets			
Inventories	47,831	40,137	40,659
Investment in content rights	65,346	47,670	33,899
Trade and other receivables	114,187	75,635	31,585
Current tax assets	704	1,149	-
Other financial assets	488	-	-
Cash and cash equivalents	18,557	11,767	16,484
Total current assets	247,113	176,358	122,627
Total assets	464,791	394,308	285,350
Liabilities and equity			
Non-current liabilities			
Interest bearing loans and borrowings	86,236	87,739	60,339
Provisions	-	124	272
Other payables	494	3,076	621
Deferred tax liabilities	10,556	15,953	9,033
Total non-current liabilities	97,286	106,892	70,265
Current liabilities			
Trade and other payables	177,582	133,198	83,720
Current tax liabilities	4,865	3,509	303
Interest bearing loans and borrowings	18,377	13,823	3,539
Provisions	492	1,351	907
Other financial liabilities	2,176	2,334	3,038
Total current liabilities	203,492	154,215	91,507
Total liabilities	300,778	261,107	161,772
Equity			
Share capital	797	675	587
Share premium	138,268	126,352	126,352
Treasury shares	(7,819)	(7,819)	(7,819)
Other reserves	13,865	14,915	639
Currency translation reserve	38,746	28,161	6,705
Retained earnings	(19,844)	(29,083)	(2,886)
Total equity	164,013	133,201	123,578
Total liabilities and equity	464,791	394,308	285,350

Consolidated Cash Flow Statement
For the year ended 31 March 2010

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Operating activities		
Operating profit/(loss)	10,502	(25,459)
Adjustments for:		
Depreciation	2,193	1,699
Amortisation of other intangible assets	16,884	14,127
Amortisation of content rights	37,646	21,137
Amortisation of television programmes	18,759	12,066
Foreign exchange movements	138	(267)
Share-based payment charge	2,743	4,171
Impairment	-	24,416
(Increase)/decrease in inventories	(7,699)	546
Increase in trade and other receivables	(29,975)	(36,766)
Increase in trade and other payables	38,779	19,976
(Decrease)/increase in provisions	(983)	296
Net cash inflow from trading activities	88,987	35,942
Income tax paid	(3,786)	(91)
Net cash from operating activities	85,201	35,851
Investing activities		
Interest received	84	260
Acquisition of subsidiaries (net of cash acquired)	(5,916)	(8,924)
Investment in content rights	(50,875)	(37,639)
Investment in television programmes	(23,788)	(10,199)
Purchases of property, plant and equipment	(944)	(1,661)
Purchases of intangible software assets	(1,029)	(1,270)
Net cash used in investing activities	(82,468)	(59,433)
Financing activities		
Proceeds on issue of shares (net of costs)	10,035	-
Increase in interest bearing loans and borrowings	34,264	125,419
Repayment of interest bearing loans and borrowings	(43,209)	(107,771)
Net drawdown of production financing	7,799	3,405
Interest paid	(5,783)	(4,238)
Net cash from financing activities	3,106	16,815
Net increase/(decrease) in cash and cash equivalents	5,839	(6,767)
Cash and cash equivalents at beginning of the year	11,767	16,484
Effects of exchange rate fluctuations on cash held	951	2,050
Cash and cash equivalents at end of year	18,557	11,767

Consolidated Statement of Changes in Equity
For the year ended 31 March 2010

	Share capital £'000	Share premium £'000	Treasury shares £'000	Other reserves £'000	Currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Total comprehensive income for the period	-	-	-	-	6,705	(8,555)	(1,850)
Shares issued during the period	552	123,238	-	-	-	-	123,790
Consideration shares	35	7,833	-	-	-	-	7,868
Share issue costs	-	(4,719)	-	-	-	-	(4,719)
Purchase of own shares	-	-	(7,819)	-	-	-	(7,819)
Warrants issued during the period	-	-	-	639	-	-	639
Share-based payment charge	-	-	-	-	-	5,669	5,669
At 31 March 2008	587	126,352	(7,819)	639	6,705	(2,886)	123,578
Total comprehensive income for the year	-	-	-	-	21,456	(30,431)	(8,975)
Shares issued during the year	88	-	-	14,276	-	-	14,364
Share-based payment charge	-	-	-	-	-	4,234	4,234
At 31 March 2009	675	126,352	(7,819)	14,915	28,161	(29,083)	133,201
Total comprehensive income for the year	-	-	-	365	10,585	6,554	17,504
Shares issued during the year	122	11,916	-	(1,415)	-	-	10,623
Share-based payment charge	-	-	-	-	-	2,685	2,685
At 31 March 2010	797	138,268	(7,819)	13,865	38,746	(19,844)	164,013

Notes to the Financial Statements
For the year ended 31 March 2010

1. Basis of preparation

Financial statements
The full year results for the year ended 31 March 2010 have been extracted from the audited consolidated financial statements which have not yet been dispatched to shareholders. The financial information set out in this preliminary announcement does not constitute statutory accounts but is derived from those accounts. While the financial information in this preliminary announcement has been prepared in accordance with International Financial Reporting Standards ('IFRS'), this announcement does not itself contain sufficient information to comply with IFRS.

The auditors have reported on the statutory accounts for the year ended 31 March 2010 and their report was unqualified.

Additional performance measures
The Group presents one-off items, underlying EBITDA, adjusted profit before tax and adjusted earnings per share information. These measures are used by the Group for internal performance analysis and incentive compensation arrangements for employees. The terms 'one-off items', 'underlying' and 'adjusted' may not be comparable with similarly titled measures reported by other companies. The term 'underlying EBITDA' refers to operating profit or loss excluding operating one-off items, share-based payment charges, depreciation and amortisation of intangible assets. The terms 'adjusted profit before tax' and 'adjusted earnings per share' refer to the reported measures excluding operating one-off items, amortisation of intangible assets arising on acquisition, one-off items relating to the Group's financing arrangements and share-based payment charges.

Going concern
The directors acknowledge the latest guidance issued by the Financial Reporting Council in October 2009: "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009".

The Group meets its day to day working capital requirements and funds its investment in content through a revolving credit facility ("Facility") which matures in September 2012 and is secured on assets held in the Group. Under the terms of the Facility the Group is able to draw down in the local currencies of its operating businesses. The Facility is subject to a series of covenants including fixed charge cover, net debt against EBITDA and capital expenditure. The Group has a track record of cash generation and is in full compliance with its existing bank facility covenant arrangements.

The Group is exposed to uncertainties arising from the economic climate and also in the markets in which it operates. Market conditions could lead to lower than anticipated demand for the Group's products and services and exchange rate volatility could also impact reported performance. The directors have considered the impact of these and other uncertainties and factored them into their financial forecasts and assessment of covenant headroom. The Group's forecasts and projections, taking account of reasonable possible changes in trading performance (and available mitigating actions), show that the Group will be able to operate within the expected limits of the Facility and provide headroom against the covenants for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

2. Operating segments

Segment information for the year ended 31 March 2010 is presented below:

	Entertainment £'000	Distribution £'000	Other £'000	Eliminations £'000	Consolidated £'000
Segment revenues					
External sales	205,280	213,684	25,208	-	444,172
Inter-segment sales	46,539	17,300	-	(63,839)	-
Total segment revenues	251,819	230,984	25,208	(63,839)	444,172
Segment results					
Segment underlying EBITDA	26,538	13,257	(922)	(29)	38,844
Group costs					(4,510)
Underlying EBITDA					34,334
Depreciation and amortisation					(19,507)
Share-based payment charge					(2,743)
One-off items					(1,582)
Operating profit					10,502
Finance income					7,777
Finance costs					(11,404)
Profit before tax					6,875
Tax					(321)
Profit after tax					6,554

Segment information for the year ended 31 March 2009 is presented below:

	Entertainment £'000	Distribution £'000	Other £'000	Eliminations £'000	Consolidated £'000
Segment revenues					
External sales	119,593	193,084	29,966	-	342,643
Inter-segment sales	37,630	19,009	-	(56,639)	-
Total segment revenues	157,223	212,093	29,966	(56,639)	342,643
Segment results					
Segment underlying EBITDA	15,711	13,376	(108)	95	29,074
Group costs					(3,818)
Underlying EBITDA					25,256
Depreciation and amortisation					(16,867)
Share-based payment charge					(4,171)
One-off items					(29,677)
Operating loss					(25,459)
Finance income					4,866
Finance costs					(10,416)
Loss before tax					(31,009)
Tax					578
Loss after tax					(30,431)

3. One-off items

One-off items are items of income and expenditure that are non-recurring and, in the judgement of management, should be disclosed separately on the basis that they are material, either by their nature or their size, to provide a further understanding of the Group's financial performance and enable comparison of financial performance between periods. Items of income or expense that are considered by management for designation as one-off are as follows:

	Notes	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Restructuring and abortive acquisition costs	(a)	955	3,878
Rebranding	(b)	321	1,672
Loss on disposal of investment	(c)	306	-
US Music and Distribution businesses	(d)	-	21,648
Receivership of Woolworths Group plc	(e)	-	2,479
		1,582	29,677

(a) Restructuring and abortive acquisition costs

Restructuring and abortive acquisition costs in the current year include £0.4m for the initial costs incurred as part of the proposed step up to the Main Market of the London Stock Exchange and corporate reorganisation and the final tranche of costs relating to a business reorganisation and abortive acquisition in the prior year. Prior year restructuring costs are in relation to the reorganisation of businesses and abortive acquisitions costs principally relating to a proposed reverse takeover that was abandoned in December 2008.

(b) Rebranding

As part of the Group's strategy to become the leading independent entertainment content business, in January 2009 the Group announced that it would be introducing consistent corporate branding throughout the business. Consequently certain trade names arising on acquisition were written off in the prior year. Costs in the current year are principally additional legal costs relating to the rebranding.

(c) Loss on disposal of investment

Loss on disposal of investment relates to an investment held in the Canadian Distribution business that was disposed of during the year.

(d) US Music and Distribution businesses

One-off items relating to the US Music and Distribution businesses in the prior year comprised the write down of label advances and impairment of goodwill following the significant acceleration in the decline in the US music market in the second half of that financial year.

(e) Receivership of Woolworths Group plc

Receivership of Woolworths Group plc in the prior year comprised the impairment of irrecoverable trading receivables and the write down of investment in content following Woolworths Group plc and its wholly owned subsidiary Entertainment UK Ltd being placed into administrative receivership in November 2008.

The tax impact of one-off items was £0.3 million (2009: £1.7 million).

4. Finance income and finance costs

Finance income and finance costs comprise:

	Notes	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Finance income			
Interest income		84	283
Reset of exchangeable notes	(a)	-	1,479
Gain on repurchase of exchangeable notes	(a)	7,250	-
Increase in fair value of derivative instruments	(a)	443	2,432
Net foreign exchange gains		-	672
		7,777	4,866
Finance costs			
Interest expense arising on bank loans and overdrafts		(5,590)	(4,270)
Amortisation of deferred finance charges	(b)	(1,977)	(1,808)
Interest expense arising on exchangeable notes		(2,507)	(2,610)
Decrease in fair value of derivative instruments	(a)	(1,287)	(1,728)
Net foreign exchange losses		(43)	-
		(11,404)	(10,416)
Net finance charges		(3,627)	(5,550)

(a) Items excluded from the calculation of adjusted earnings after tax in note 7.
(b) Included in the prior year amount is £0.6m relating to accelerated amortisation of deferred finance charges following the refinancing.

5. Tax

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Current tax charge	5,324	2,488
Deferred tax credit	(5,003)	(3,066)
Tax charge/(credit)	321	(578)

The charge/(credit) for the year can be reconciled to the profit/(loss) in the income statement as follows:

	Year ended 31 March 2010 £'000	%	Year ended 31 March 2009 £'000	%
Profit/(loss) before tax	6,875		(31,009)	
Taxes at applicable domestic rates	(131)	(1.9)	(9,558)	30.8
Effect of income that is exempt from taxation	(1,038)	(15.1)	(1,257)	4.1
Effect of expenses that are not deductible in determining taxable profit	1,129	16.4	1,158	(3.7)
Effect of deferred tax (recognition)/write downs or reversal	(2,322)	(33.8)	906	(2.9)
Effect of losses/temporary differences not recognised	2,223	32.3	8,304	(26.8)
Effect of irrecoverable withholding tax	473	6.9	181	(0.6)
Effect of tax rate changes	(678)	(9.9)	(42)	0.1
Prior year items	665	9.7	(270)	0.9
Income tax charge/(credit) and effective tax rate for the year	321	4.7	(578)	1.9

Taxation is calculated at the rates prevailing in the respective jurisdictions. The standard tax rates in each jurisdiction are 32.7% in Canada (2009: 32.8%), 35.5% in the United States (2009: 36.5%), 28.0% in the United Kingdom (2009: 28.0%), 20.0% in Hungary (2009: 20%), 0.0% in Jersey (2009: 0.0%), and 25.5% in the Netherlands (2009: 25.5%).

6. Dividends

The directors are not recommending payment of a dividend (2009: nil).

7. Earnings/loss per share

	Year ended 31 March 2010 Pence	Year ended 31 March 2009 Pence
Basic earnings/(loss) per share	4.6	(23.2)
Diluted earnings/(loss) per share	4.3	(23.2)
Adjusted basic earnings per share	12.3	9.1
Adjusted diluted earnings per share	11.5	8.6

Basic earnings/(loss) per share has been calculated by dividing the earnings/(loss) attributable to shareholders by the weighted average number of shares in issue during the year, including the S class shares, after deducting Treasury shares.

The adjusted basic earnings per share calculation is based on the basic loss per share calculation after allowing for adjusted items.

Diluted and adjusted diluted earnings per share have been calculated after adjusting the weighted average number of shares used in the basic and adjusted basic calculation to assume the conversion of all potentially dilutive shares.

Reconciliations of the profit and loss used in the basic and diluted earnings calculations to profit and loss used in the adjusted earnings/(loss) per share calculations are set out below.

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
For basic and diluted earnings/(loss) per share		
Profit/(loss) for the financial year	6,554	(30,431)
For adjusted basic and diluted earnings/(loss) per share		
Profit/(loss) for the financial year	6,554	(30,431)
Add back:		
One-off items	1,582	29,677
Amortisation of acquired intangibles	17,289	15,119
Share-based payment charge	2,743	4,171
Financing net fair value movements	844	(704)
Gain on repurchase of exchangeable notes	(7,250)	-
Early settlement cost on refinancing	-	630
Reset of exchangeable notes	-	(1,479)
Direct tax effect of above items	(4,172)	(5,108)
Adjusted earnings after tax	17,590	11,875

Weighted average number of shares in issue		
Basic	142,610,865	131,151,599
Dilution for share options	10,975,542	7,264,279
Adjusted diluted	153,586,407	138,415,878

The weighted average number of dilutive potential shares for the year to 31 March 2009 has been adjusted following reclassification of certain shares. The impact increases the previously reported adjusted earnings per share for the year to 31 March 2009 by 0.5 pence.

8. Events after the balance sheet date

On 31 March 2010 the Company announced that it is in dialogue with the United Kingdom Listing Authority ('UKLA') regarding changing its listing from AIM to a Standard Listing on the Main Market of the London Stock Exchange (the 'Main Market'). The Board considers the current size, increasing maturity and ambition of the Group to be more appropriately served by a listing on London's Main Market. Subject to UKLA and other approvals as required, it is the Group's intention to move on to the Main Market following the announcement of its full year results and contemporaneously with the redomiciliation of the Group as described below.

In addition the Group will be establishing its ultimate parent company in Canada. The Board believes this will enable the Group to simplify its structure and more efficiently address certain regulatory requirements applicable to businesses operating in the Canadian film and television distribution industry. It is anticipated that the relocation will be undertaken through a scheme of arrangement in the Cayman Islands, which is subject to the approval of the Cayman Islands courts and the Company's shareholders.

On 24 May 2010, in association with the ongoing commercial relationship with Summit Entertainment LLC ('Summit'), 2,500,000 warrants were issued to Summit. These warrants are subject to time related vesting criteria.