



Beyond International Limited

Annual General Meeting

30 November 2010

Financial Results - FY 09/10

Operating Profit and Loss Statement

	TWELVE MONTHS TO	TWELVE MONTHS TO		
	JUNE	JUNE		
	2010	2009	VARIANCE	%
	\$000's	\$000's	\$000's	
REVENUE	78,961	75,223	3,738	4.97%
OPERATING EXPENSES	66,437	65,101	1,336	2.05%
FOREIGN EXCHANGE LOSS/(GAIN)	730	-302	1,032	-341.72%
EBITDA	11,794	10,424	1,370	13.14%
DEPRECIATION & AMORTISATION	5,589	5,377	212	3.94%
EBIT	6,205	5,047	1,158	22.94%
INTEREST EXPENSE	143	121	22	18.18%
OPERATING PROFIT BEFORE TAX	6,062	4,926	1,136	23.06%
TAX EXPENSE	-1,033	-832	-201	24.16%
PROFIT AFTER TAX	5,029	4,094	935	22.84%
OUTSIDE EQUITY INTEREST	-90	186	-276	-148.39%
NET PROFIT	4,939	4,280	659	15.40%
EPS	8.40 cents	7.28 cents	1.12 cents	15.38%

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1. Financial Performance for the 12-Month Period to 30th June 2010

- a. Revenue for the twelve months increased by 5% to \$78,961,000;
- b. EBIT for the twelve month period increased by 23% to \$6,205,000;
- c. The home entertainment segment EBIT has increased by \$3,329,000 or 598% compared to the previous corresponding period (see below table);
- d. Earnings Per Share increased by 15% to 8.40 cents;
- e. The Company has no bank debt;
- f. Foreign exchange losses totalled \$730,000 compared to a foreign exchange gain of \$302,000 in the prior year;
- g. 38.5% of total Group revenues are denominated in US\$ compared to 52.2% in the previous year. The reduction is due largely to the increased relative contribution in revenue from the Home Entertainment segment;
- h. Net cash flow from operating activities is \$6,869,000 (2009: \$6,823,000) with the final and interim dividend of \$3,527,000 being paid during the year; and
- i. The Company strengthened its Balance Sheet during the twelve months by decreasing trade payables by \$2,895,000.

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2. Market Overview and Update on Trading

Television Program Production

The television production division is performing to management expectations for the year to date despite margin pressures caused by the weakening US dollar.

Market conditions in the Australian and US television industries have improved due to the increase in advertising spending over the past six months.

The success of the *Mythbusters* series continues with the recent commissioning of the eighth season by Discovery Communications, a second Emmy nomination and a special episode produced featuring the President of the United States.

The *Deadly Women* series for Investigation Discovery Network has performed well, and a fifth series has been commissioned. In addition the network has commissioned a new series *Behind Mansion Walls* (13 x 1 hour).

Several key titles have been produced for Australian broadcasters during the year in various genres.

In the factual / entertainment genre *Damage Control*, narrated by Russell Crowe was produced for the Seven Network, series ten of *Hot Property* for the Nine Network, season four of the award winning *Selling Houses Australia* for the Lifestyle Channel, and *Comedy School* for SBS.

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Market Overview and Update on Trading - continued

In the children's genre, *Toybox* (75 x 30 mins) was produced for the Seven Network, the program has recently been recommissioned for a second series, and in addition RUSH TV is being produced for ABC 3.

The company remains strong in the documentary genre, productions during the year include - *Addiction* (ABC), *The Science of Self-harm* (SBS), and *Chopper Rescue* (ABC).

The television production business is seeking to increase market share in both the US and domestic markets with the following strategies—

- expanding existing broadcaster relationships to increase production volumes;
- targeted production development to specific domestic and international cable channels;
- increase content production for emerging IPTV distribution channels; and
- increased focus on events and sponsorship driven sports programming.

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Market Overview and Update on Trading - continued

International Distribution

Due to the negative global economic conditions and an unfavourable exchange rate the business has remained flat during the past twelve months.

The business strategy for the division is to focus on organic growth and to increase product supply from third party producers. The product focus is on factual series, children's and documentary genres where there is increasing demand internationally.

Revenue and EBIT for the first six months of the 2011 financial year will be similar to the corresponding period for the 2010 financial year.

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Home Entertainment (BHE)

The 2010 financial year is the first full year the integrated Home Entertainment division is recognised in the financial statements. In this period Home Entertainment revenues grew by 64% to \$30.2M and EBIT increased by 598% to \$3.9M

The arrangement with Discovery Communications continues to perform strongly with a broad range of titles lead by the *Man Vs. Wild* and *American Chopper* series.

AETN Networks have delivered a broad range of content including *Steven Seagal's Lawman* that has generated significant revenues in the period.

BHE continues to grow its market share in children's content driven by *Pokemon* and *Roary the Racing Car*. Stand up comedy label *Punchline* continues to perform strongly with *Carl Barron*, *Chappelle Show* and *Arj Barker*.

The Home Entertainment market has experienced difficult trading conditions since July in line with the general retail trade. Retail forward orders have increased in November and December and the division expects earnings for the six months to 31 December to be consistent with the previous corresponding period.

The division will continue to pursue opportunities to grow the business by increasing the number of titles released on the Blu Ray format to exploit the increased penetration of Blu Ray players.

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3. Dividends

An interim 2010 dividend of 3 cents per share was paid in April 2010 and the Company has paid a final 2010 dividend of 3 cents per share in November 2010. This brings the total dividend for the 2010 year to 6 cents per share – an increase of 20% compared to the prior year.

4. Conclusion

The weakness of the US dollar against the Australian dollar continues to challenge the financial performance of the television production and distribution segments of the Company.

The company has implemented a cost reduction program to mitigate the impact of the strengthening A\$.

Subject to exchange rate movements and retail trading results in December it is expected that the financial performance of the Group for the first six months of the 2011 financial year will be an increase on the performance for the previous corresponding six-month period.

Mikael Borglund
30/11/2010