ENTERTAINMENT ONE LTD.
HALF YEAR RESULTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

PERFORMANCE ON TRACK WITH STRONG SECOND HALF EXPECTED

Strong top-line growth across all Divisions

- Group reported revenues 19% higher at £401 million (2015: £337 million), with growth across all Divisions on both a reported and constant currency basis
- Group reported underlying EBITDA of £38 million (2015: £52 million) in line with management expectations, driven by the timing of increased theatrical investment in the very strong first half film slate which will drive second half performance
- Group adjusted profit before tax of £24 million (2015: £40 million) and Group reported profit before tax of £4 million (2015: £18 million) delivering adjusted diluted earnings per share of 2.6 pence per share (0.1 pence per share on a reported basis)
- Increased cash generation from operations in the period supporting the higher investment in content planned in the first half, net debt leverage expected to be 1.1-1.2x Group underlying EBITDA at year end

Creating a global television business

- Top-line growth of 20% in the period, with revenues increasing to £98 million (2015: £82 million), and underlying EBITDA in line with the prior year period
- 360 half hours of new programming acquired/produced in the period (2015: 442 half hours) with 86% of revenues for the full year already delivered, contracted or commissioned
- Full year half hours acquired/produced on track to be around 1,100, with investment in acquired content and production spend expected to grow to around £140 million

The Mark Gordon Company delivers strong new productions under independent studio model

- Financial performance in line with expectations, with good sales growth and earnings from existing library participations
- Productions now delivering to underpin full year outlook, with extremely positive debut for *Designated Survivor*, which has premiered with very strong ratings on ABC

Making *Peppa Pig* the world's most loved pre-school property

- The Family Division saw strong growth in the period with revenues up 16% to £38 million (2015: £33 million) and underlying EBITDA up 13% to £25 million (2015: £22 million)
- Strong performance for *Peppa Pig* as the US roll-out continues, with *Peppa* becoming the best-selling pre-school girls' toy licensed property in the US during September 2016, and good growth for the property in China
- *PJ Masks* continues to deliver compelling audience figures in the US, consistently in the top three shows on Disney Jr, with a very positive merchandising launch

Film box office growth drives second half exploitation windows

- Film Division revenues were 9% higher at £242 million (2015: £222 million) and underlying EBITDA lower at £2 million loss (2015: £13 million profit), driven by increased theatrical investment in the successful first half film slate
- Box office takings up by 55% to US$152 million (2015: US$98 million), which will continue to deliver strong revenue and EBITDA as films to-date move through subsequent exploitation windows
- 88 theatrical releases in the period (2015: 96), with significant increase in average box office performance, and around 180 theatrical releases expected for the full year with investment in acquired content expected to be around £160 million

On track to deliver strategic targets by 2020

- Strong start to the financial year and well-developed television pipeline and film slate in place to deliver full year financial performance in line with management expectations
- Independent library valuation increased to US$1.5 billion (2015: US$1 billion)

DARREN THROOP, CHIEF EXECUTIVE, COMMENTED:

We are pleased to be able to report revenue growth across all Divisions during the period, with particular highlights being the continued performance from The Mark Gordon Company and the wider Television Division, double-digit growth in the Family business and most notably the strong period in the box office that the Film Division has delivered with a number of high profile films performing extremely well.

The Group's strategy to invest in content continues to bear fruit and the entertainment market's focus on quality content plays to Entertainment One's strengths ensuring that the Group is ideally positioned for the future. Whilst theatrical investment has impacted profitability in the period, we will see the financial benefits of this investment delivered in the second half of the financial year.

The period ahead is an exciting one. The Television business has 86% of its full year revenues already delivered, contracted, or commissioned, the Family business is underpinned by exceptional performance from *Peppa Pig* with *PJ Masks* showing strong potential, and the Film Division is set to benefit from both the second half's strong slate, and the home entertainment window for films including *The BFG* and *The Girl on the Train*. As such, the Group remains on track to deliver full year financial performance in line with management expectations.

FINANCIAL SUMMARY

£m (unless specified)	Reported (unaudited) 2016	2015	Change
Revenues	401.0	337.1	19%
Underlying EBITDA [1]	37.7	52.0	(28%)
Net cash from operating activities	132.9	90.4	47%
Investment in acquired content and productions	198.4	104.9	89%

	Reported (unaudited)			Adjusted (unaudited)		
£m (unless specified)	2016	2015	Change	2016	2015	Change
Profit before tax [2]	3.7	18.1	(80%)	23.8	39.9	(40%)
Diluted earnings per share (pence) [2]	0.1	4.0	(3.9)	2.6	8.0	(5.4)

1 Underlying EBITDA is operating profit before amortisation of acquired intangibles, depreciation and amortisation of software, share-based payment charge, tax, finance costs and depreciation related to joint ventures and operating one-off items. Underlying EBITDA is reconciled to operating profit in the "Financial Information" section of this Interim Results Announcement.

2 Adjusted profit before tax is the reported measure before amortisation of acquired intangibles, share-based payment charge, tax, finance costs and depreciation related to joint ventures, operating one-off items and finance one-off items. Adjusted diluted earnings is adjusted for the tax effect of these items and other one-off tax items.

Group reported revenues were 19% higher at £401.0 million (2015: £337.1 million), driven by strong growth in Television (34% higher), Family (16% higher) and Film (9% higher). Acquisitions completed during the period contributed £20.7 million to Group reported revenues. On a constant currency basis (re-translating prior period reported financials at current period foreign exchange rates), Group revenue growth was 10% higher, reflecting the impact of weaker pounds sterling against the US dollar, Canadian dollar, Australian dollar and euro during the period.

Group reported underlying EBITDA at £37.7 million (2015: £52.0 million) was in line with plans for the first half of the financial year and on track to deliver full year financial performance in line with management expectations. Family Division saw excellent growth driven by the continuing strong performance of *Peppa Pig* and contributions from the Division's new properties. Underlying EBITDA in Film was lower, driven by increased theatrical investment in a very strong first half film slate, where exploitation of the profitable home entertainment window will fall into the second half of the financial year. On a like-for-like basis (excluding accruals relating to the 2014 financial year reported in the 2015 results), Television Division underlying EBITDA was £2.8 million higher, as reported underlying EBITDA in the prior year period benefited by £4.5 million relating to the 2014 financial year, following the full consolidation of The Mark Gordon Company in May 2015 and its alignment with Group accounting policies.

On a constant currency basis, Group underlying EBITDA would have declined by 33%, reflecting the impact of the weaker pounds sterling against the US dollar, Canadian dollar, Australian dollar and euro during the period. Acquisitions completed during the financial year contributed £0.3 million to Group underlying EBITDA.

Net cash from operating activities increased £42.5 million to £132.9 million supporting higher investment in content and productions of £198.4 million, up £93.5 million on the prior period. The increased investment in content and production was driven primarily by higher investment in the Film Division and increased TV production investment.

Adjusted profit before tax for the period was £23.8 million (2015: £39.9 million), in line with the reduction in underlying EBITDA and higher net finance charges primarily reflecting higher average debt levels period-on-period to finance acquisitions, as well as the impact of higher interest rates following the re-financing in December 2015. Reported profit before tax for the period was £3.7 million (2015: £18.1 million).

Adjusted diluted earnings per share were 2.6 pence (2015: 8.0 pence). On a reported basis, diluted earnings per share were 0.1 pence (2015: 4.0 pence), driven mainly by lower EBITDA and higher amortisation of acquired intangibles in respect of acquisitions.

OUTLOOK

The Group anticipates full year financial performance will be in line with management expectations with a significant proportion of the second half activities already commissioned or contracted.

eOne Television is on track to grow the business with the production/acquisition of around 1,100 half hours of content in the full year, with a particularly strong pipeline in the second half. Production will deliver new commissions of serialised crime drama *Cardinal* and hostage series *Ransom*, whilst both *Private Eyes* and *You Me Her* have been re-ordered for additional seasons. The second half also includes new shows *Mary Kills People* and *Ice* and renewals for *Rogue 4* and *Saving Hope 5* and has a strong pipeline of non-scripted programming. The global sales business is on track for a record year with new seasons of *Fear The Walking Dead*, *Halt and Catch Fire* and *Turn*, as well as a growing number of deals and buyers for eOne-produced shows.

The Mark Gordon Company has started delivery of *Designated Survivor* and the second half will see the completion of deliveries on this show as well as further international sales, which are handled by eOne, as part of the worldwide streaming rights deal with Netflix.

In Family, the second half is underpinned by *Peppa Pig*'s strong momentum in the US and solid trading in China with major Chinese online retailers, Jing Dong and Tmall, which have launched a wide range of *Peppa Pig* merchandise. *Peppa Pig* continues to grow globally with series four premiering in the UK and the US in October, driving very strong ratings on Five and Nick Jr. New episodes will be broadcast in key territories in the next 12 months, including some to be premiered at special cinema events in the UK and Australia over Easter 2017, which will continue to drive the growth of *Peppa Pig* merchandising sales. The continued rollout of *PJ Masks* on Disney during the year will support the licensing programme internationally, with an extremely positive launch already underway in the US – all initial indicators point to an excellent Christmas retail sell-in, which positions the brand well for wider retail launch in early 2017.

The Group expects to release around 180 films in the full year, with investment in acquired content at around £160 million. Second half films include *The Girl on the Train*, based on the best-selling novel, which opened in the UK and several other territories in the first week of October and has since generated over £23 million at the UK box office, *Arrival*, eOne's third UK number one opening of the year, *Office Christmas Party*, the third title from the partnership with Amblin Partners, and a number of highly anticipated awards contenders including *Lion* and *La La Land*.

STRATEGIC UPDATE

The growth in the market for content rights is underpinned by changes in the way content is being consumed. Entertainment One's strategy to focus on growth through content ownership puts it at the centre of this positive structural change.

BUSINESS MODEL

The Group's business model remains unchanged. The Group continues to build the scale of the business by focusing on its three key capabilities:

Source: Develop contractual relationships with quality producers and talent to deliver content with global appeal

Select: Portfolio approach to produce or acquire content across television, family, film and music

Sell: Build a global rights sales infrastructure selling quality content across all media platforms

The strategy focuses on building a more balanced content and brand business which will see strong revenue and EBITDA growth in Television and Family, while Film continues to focus on delivering an improving investment return through a consistently strong release slate and further efficiency savings.

STRATEGIC PROGRESS

Entertainment One's growth strategy is based on partnering with the best creative talent to produce and own the best quality content and ensuring that the Group's global sales presence maximises the international sales opportunities for the content rights it controls.

Underpinning eOne's focus on growth through content ownership, the Group's annual independent library valuation has been completed, including all of eOne's television, family, film and music assets. As at 31 March 2016 the overall value of the Group's content library had increased to US$1.5 billion (2015: US$1 billion) primarily driven by strong performance from the Group's Family properties and the acquisition of an additional 35% interest in *Peppa Pig*.

It has been another strong period for delivering progress against the Group's strategy.

Television

The period has seen continued progress in the strategic goal of building a global production business and a world-class television sales network:

- Strong top-line growth in the Television business, supported by the recent acquisition of Renegade 83, with half hours on track for around 1,100 for the full year
- Under its new independent studio model, The Mark Gordon Company has commenced delivery of its first two productions, *Designated Survivor* and *Conviction*, and has over 30 projects in development
- eOne Television has a strong development slate with over 100 projects in progress, including 15 new first look and development deals signed in the period
- Increased output seen from these businesses is further fuelling eOne's well-established global television sales network, which is on track for record sales in the financial year
- Full acquisition of Secret Location, positioning eOne as a leader in new digital content innovation

With its growing portfolio of independent television producers, including The Mark Gordon Company, Paperny Entertainment, Force Four Entertainment, Renegade 83, and eOne's own original Television business, all powered by eOne's global sales network, the Group is building a significant global independent television business.

Family

The period has seen strong progress in the strategic goal of making *Peppa Pig* the world's most loved pre-school brand and in building a global portfolio of brands:

- Very strong performance for *Peppa Pig*, including in the US where it was the best-selling pre-school girls' toy licensed property during September 2016, and a very encouraging roll-out in China
- *PJ Masks* broadcasting in all key territories on Disney Jr and France TV in France, with very strong licensing and merchandising sales prospects driven by initial retail sales performance
- Strong ratings in the US for *Ben and Holly's Little Kingdom* will lead to a licensing roll-out with an exclusive toy launch in Target next fiscal year
- Continued diversification in the portfolio of premium children's brands with *Bobby and the Bike Buddies* and *Cupcake and Dino* and a second season of *PJ Masks* all greenlit for production

The Group continues to believe the opportunity exists to increase global retail sales for *Peppa Pig* to US$2 billion in the medium term, with very positive indications from the continued roll-out in the US and a very robust roll-out and online presence in China.

Film

The period has seen strong progress in the strategic goal of developing partnerships with premium film-makers and maximising scale and efficiency in independent film distribution:

- Very strong first half box office performance led by *The BFG* and a strong second half led by *The Girl on the Train*, both from eOne's new partnership with Steven Spielberg's Amblin Partners
- Significant growth in eOne's production volumes to enhance and strengthen the release slate with premium content
- Three new first look deals signed in the period, including with Tooley Productions, giving eOne the opportunity to co-produce and co-finance projects
- New home entertainment distribution partnerships with 20th Century Fox Home Entertainment, on a multi-territory basis, and Sony Pictures Home Entertainment, in the US, are expected to be fully integrated by the end of the financial year and will give eOne the benefit of significant scale at retail and increased cost efficiencies and placement opportunities across its territories
- New global marketing agreement which brings all of eOne's Film media buying under one agency, globally, leading to substantial cost savings for the Group

FINANCIAL AND OPERATING REVIEW

Television

The Television Division comprises eOne Television, The Mark Gordon Company and the Group's Music operation. It also incorporates the results of Secret Location, the Group's digital content studio, which has been under full ownership since the Group acquired the remaining 50% stake in the business in August 2016. The Division's focus is on the development and production of television programming and the acquisition of third party television content rights, for sale to broadcasters and digital platforms globally.

Revenues for the period were 34% higher at £144.5 million (2015: £107.6 million) driven mainly by new productions in The Mark Gordon Company and the acquisitions in the prior year of Renegade 83, Dualtone Music Group and Last Gang Entertainment. On a like-for-like basis, Television Division underlying EBITDA was 18% higher at £18.5 million. Reported underlying EBITDA in the prior year period reflected the alignment of The Mark Gordon Company with Group accounting policies which resulted in an increase in 2015 underlying EBITDA of £4.5 million relating to the previous financial year.

£m		2016	2015	Change
Revenue		144.5	107.6	34%
Underlying EBITDA	Like-for-like[1]	18.5	15.7	18%
	Reported	18.5	20.2	(8%)
Investment in acquired content		13.2	15.6	(15%)
Investment in productions		88.9	52.7	69%

1 Like-for-like results exclude accruals relating to the 2014 financial year which were reported in the 2015 results.

eONE TELEVISION

eOne Television comprises eOne's production business and includes Paperny Entertainment, Force Four Entertainment and Renegade 83, as well as its global sales business.

Revenues for the period were up 20% to £97.7 million (2015: £81.6 million) driven by higher global sales of both owned and acquired content and the impact of the Renegade 83 acquisition. Underlying EBITDA was in line with the prior period at £7.9 million (2015: £7.9 million).

Investment in acquired content and productions was higher than prior year at £74.9 million (2015: £67.0 million), due to increased investment in productions. This was primarily driven by the impact of the Renegade 83 acquisition and partly offset by lower acquisitions in the international sales business due to timing of acquisition expenditure.

£m	2016	2015	Change
Revenue	97.7	81.6	20%
Underlying EBITDA	7.9	7.9	-
Investment in acquired content	11.2	14.3	(22%)
Investment in productions	63.7	52.7	21%

360 half hours of new programming were produced/acquired in the period (2015: 442 half hours), in line with plans for the first half of the financial year. The business is on track for full year programming amounting to around 1,100 half hours of content, up from 998 in the prior year, for which 86% of revenues are already delivered, commissioned or contracted.

Investment in acquired content and production spend is expected to grow to around £140 million in the full year (2016: £91.8 million).

Key scripted deliveries included season one of *Private Eyes*, which delivered an impressive 1.4 million average viewers in Canada and also aired in the UK in mid-September as Sky Universal channel's biggest audience in its slot for over five years. The first episodes of season five of *Saving Hope* were also delivered in the period. A strong second half pipeline includes new shows *Mary Kills People* for Lifetime, *Ice* for AT&T's Audience Network, serialised crime drama *Cardinal* for CTV and hostage series *Ransom* for CBS, as well as renewals for *Rogue* season four and seasons two of *You Me Her* and *Private Eyes*. We also anticipate commencing production in the spring of HBO's forthcoming new mystery drama *Sharp Objects*, based on the novel by Gillian Flynn (*Gone Girl*) and starring Amy Adams.

eOne's non-scripted business continues to perform well with deliveries including second seasons of *Fameless* (David Spade) for TruTV and *Growing Up Hip Hop* for WeTV. Programming delivered by Paperny Entertainment and Force Four Entertainment included seasons four of *Chopped* and *Yukon Gold* and new commissions *The School* and *Border Security US*. Renegade 83 delivered new seasons of its number one Sunday night shows *Naked and Afraid* and *Naked and Afraid XL* with an average two million viewers per episode which is consistently the top-rated reality/factual show on all cable channels. Both of these series have been renewed for another season. In the second half, a similar pipeline is expected including new food show *Chuck and Danny's Road Trip*, a new season of *Fameless*, *Growing Up Hip Hop - Atlanta*, seasons two of *Nellyville* and *First Dates* as well as the next seasons of *Naked and Afraid*.

eOne continues to invest in first-look agreements, scripts, book options and development deals with industry talent to grow the pipeline and currently has over 100 development projects in progress. Recent additions to the slate include *Cause in Fact* with CBC, *Damn/Nation* and *The Distributor* with Fox, *Havana Quartet* starring Antonio Banderas with Starz and *Watergate* with ABC. eOne also has a large number of non-scripted projects in development, supported by investments in first-look deals with high profile non-scripted talent. These include *Global Affairs* and *Figure it Out* with CBC, *American Hustle* with CNBC, *House by the Lake* for VH1, *The Crime Game* for Fox, *The Last Ninja* for Discovery, *Under the Law* for NBC, *Prank Science* for SyFy, *Re-Recruit* for Esquire and *Permission Impossible* for Lifetime.

Key content acquisitions for the period included season two of *Fear the Walking Dead* and seasons three of *Halt and Catch Fire* and *Turn* from AMC Networks. *The Walking Dead* series continues to enjoy very strong ratings, having the highest total viewership of any series in cable television history, with the seventh season premiere in October 2016 viewed by 17 million, 16% more than the comparable sixth season start in 2015. *Fear the Walking Dead* (the companion series to *The Walking Dead*) continues to be very well received by audiences, with the average number of viewers being over 7 million for the first season, a higher level than seen for the first two seasons of *The Walking Dead*. The second season of *Fear the Walking Dead* premiered in the US in April 2016, continuing to attract more than four million viewers on average per episode. Both season eight of *The Walking Dead* and a 16-episode season three of *Fear the Walking Dead* have recently been commissioned by AMC.

International sales for *Designated Survivor*, the new primetime programme produced for ABC by The Mark Gordon Company, have been very strong including a worldwide streaming rights deal with Netflix outside North America. International sales revenue derived from Mark Gordon Company productions, which includes ABC's new primetime drama *Conviction* is expected to grow as the MGC pipeline ramps-up over the coming periods. Based on the forthcoming slate, eOne's global television sales network is on track for record sales in the full financial year.

THE MARK GORDON COMPANY

Revenues for the period were up 258% to £28.3 million (2015: £7.9 million) driven by the two new productions *Designated Survivor* and *Conviction*. On an like-for-like basis, underlying EBITDA was £1.2 million higher. Reported underlying EBITDA in the prior year period benefited by £4.5 million relating to the 2014 financial year, following the full consolidation of MGC in May 2015 and its alignment with Group accounting policies.

Investment in productions in the current period of £25.2 million (2015: nil) relates to the new productions *Designated Survivor* and *Conviction*.

£m		2016	2015	Change
Revenue		28.3	7.9	258%
Underlying EBITDA	Like-for-like[1]	9.0	7.8	15%
	Reported	9.0	12.3	(27%)
Investment in productions		25.2	-	n/a

1 Like-for-like results exclude accruals relating to the 2014 financial year which were reported in the 2015 results.

The Mark Gordon Company delivered three episodes of *Designated Survivor* during the period, the first series under its new independent studio model with a 22 episode series order. The show premiered as ABC's strongest scripted telecast in its time slot in four years securing 45% more viewers than its closest time slot competitor, and totalled over 15 million viewers for its Live+3[1] ratings (Adults 18-49). The series achieved a 7.7 million viewer Live+7[2] lift for its premiere, TV's largest-ever total viewer Live+7 increase for any single telecast on any network.

Production is also under way on *Conviction*, also distributed internationally by eOne, a legal drama starring Hayley Atwell which was picked up from pilot in May. The show premiered on ABC on 3 October 2016 and six episodes of the series have now been broadcast.

In addition, The Mark Gordon Company currently has five series airing on both US network and premium cable, all with continued strong viewership including *Criminal Minds* (now in season 12), *Criminal Minds: Beyond Borders* (now in production for season 2, premiering in early 2017), *Grey's Anatomy* (now in season 13), *Ray Donovan* (now in season 4 and renewed for season 5), and *Quantico* (now in season 2).

The Mark Gordon Company has numerous television projects under development which include, but are not limited to, *The Ambassador's Wife* (Amazon), based on Jennifer Steil's novel starring Anne Hathaway, *Murder Room* (CBS), written by Anna Fricke, *Queen of Shadows* (Hulu), to be directed by Anna Foerster who also recently directed Kate Beckinsale in the film franchise *Underworld: Blood Wars*, and in addition she has directed numerous episodes of *Criminal Minds*, *The Climb* (Amazon), *Homicide Special* (ABC), and *The Barbary Coast* directed by Academy Award® winner Mel Gibson, starring Kurt Russell and Golden Globe winner Kate Hudson.

The studio has a number of film projects underway and has commenced principal photography on *The Nutcracker and the Four Realms* for Disney. The film is being directed by Lasse Hallstrom and stars Keira Knightley, Morgan Freeman, Helen Mirren, and Misty Copeland. The Mark Gordon Company is in production on *Molly's Game*, written and directed by Aaron Sorkin and starring Jessica Chastain and Idris Elba. *Molly's Game* is being distributed internationally by eOne and in the US and China by STX Entertainment. In addition, *Murder on the Orient Express* is in pre-production for Fox. The film will be directed by and star Kenneth Branagh, in addition to Johnny Depp, Michelle Pfeiffer, Michael Pena, Judi Dench and Josh Gad. David Magee (known for *Life of Pi* and *Finding Neverland*) is currently writing the

---

[1] Live+3 ratings viewership measures live viewing plus digital video recorder playback viewing up to three days later.

[2] Live+7 ratings viewership measures live viewing plus digital video recorder playback viewing up to seven days later.

screenplay for *Chronicles of Narnia: The Silver Chair* (Sony) and *Cowboy Ninja Viking* (Universal) starring Chris Pratt which is scheduled for production in 2017.

Investment in productions for the full year is expected to amount to around £80 million with half hours delivered anticipated to be around 60, for which 90% of revenues are already delivered, commissioned or contracted. Consistent with all eOne Group productions, the amount of investment in production does not represent the Group's investment capital at risk, as the significant majority of production investment risk is mitigated through commitments received prior to greenlighting from commissioning broadcasters and government subsidies to reduce the Group's exposure to around 15%-20% of the investment in production budget.

MUSIC

Revenues for the year were up 43% at £25.8 million (2015: £18.1 million) driven by a strong Urban release slate and the acquisitions of Dualtone Music Group and Last Gang Entertainment. Underlying EBITDA increased 1150% to £2.5 million (2015: £0.2 million) driven by increased revenue and a higher mix of digital revenues.

£m	2016	2015	Change
Revenue	25.8	18.1	43%
Underlying EBITDA	2.5	0.2	1150%
Investment in acquired content	2.0	1.3	54%

The Group's independent label has had strong growth period-on-period from its Urban releases and catalogue sales on titles such as The Game's *Documentary 2*, DJ Khaled's *Victory* and sales of 2Pac, Dr. Dre and Snoop Dogg from the Death Row Records catalogue.

Following the acquisition of Dualtone Music Group in January 2016, the business released *Cleopatra* in April 2016, the highly anticipated second album from The Lumineers. The album reached number one on the US Billboard 200 within a week of its release and its lead single, *Ophelia*, has spent six weeks at number one on the US Adult Alternative Songs chart. The album was also a major hit in Canada debuting at number one in the album charts.

During the period eOne entered a multi-year distribution partnership with ADA, a member of Warner Music Group. ADA will handle all physical sales and distribution in the US and Canada for eOne's owned music labels, which will allow eOne to exit its own US distribution facility. Music also entered into a venture with Nerve and Hardlivings, the artist management company behind British dance music successes Riton, TIEKS and Jax Jones, amongst many others across multiple genres of music, to extend its international artist management capabilities. eOne's music publishing business is now administered by rights management company ole on a worldwide basis, providing efficiencies across the music publishing portfolio.

The number of albums released in the period was higher at 45, versus 32 in the prior year period, and digital singles released increased to 98 compared to 59 in the prior year period, mainly driven by Last Gang Entertainment. The Group's current roster of artists continues to be strong with the acquisitions of Dualtone Music Group and Last Gang Entertainment adding to the content slate and strengthening eOne's position in the North American music market. The Music business continues to increase its international profile through arrangements with artist management companies such as Hardlivings.

SECRET LOCATION

In August 2016, following its initial investment in 2014, the Group completed the purchase of the remaining 50% stake in leading digital studio Secret Location, which resulted in full ongoing ownership by the Group.

Secret Location currently has a number of projects for different platforms underway focusing on the fast growing virtual reality industry. This innovative interactive content studio for emerging platforms positions eOne at the forefront of developing technologies as the media landscape evolves.

For the gaming industry an early release of virtual reality game, *Blasters of the Universe*, launched on the Steam gaming network in August, and has already started monetising. A full, multi-level, multi-platform launch of this game will release in February 2017, designed to be accessible through Oculus VR, HTC Vive and the Steam network, as well as Sony PlaystationVR, and aims to continue to grow market exposure from early adopters.

Work continues on a number of projects including digital extensions for CBC's landmark project *The Story of Us* and *Wild Canadian Year*, also with CBC, as well as two significant VR music videos for Mountain Dew and Oculus VR, with artist Morgan Paige, representing ground-breaking virtual reality projects.

Secret Location has also been nominated for both a News and Documentary Emmy® Award for *Ebola Outbreak VR*, created last year with PBS and Frontline, and an International Emmy® in the Kids Digital category for *The Gaming Show Interactive*.

Secret Location continues to develop innovative original products in the digital space including a large, original serialised virtual reality project, *Insomnia*, with Stephen King, as well as their original VR and linear episodic format *Halcyon*, for IPF and SyFy, which launched in 80 territories at the end of September 2016.

The company's technical innovations have included a new virtual reality distribution platform, enabling media companies and producers to launch and monetise content on a variety of platforms, including Google Daydream, Samsung GearVR, OculusVR, HTC Vive and Sony Playstation. This platform has already been adopted by the New York Times for its reality App for Apple iOS and Google Play, is a launch title with Google Daydream and will be extended to Samsung GearVR and Sony Playstation, and is being used by a number of other media players.

Family

The Family business develops, produces and distributes a portfolio of children's properties on a worldwide basis, the principal brand being *Peppa Pig*, with much of its revenue generated through licensing and merchandising programmes across multiple retail categories. In addition to managing the growth of *Peppa Pig*, the Family business also manages and distributes a balanced portfolio of complementary family brands.

Revenues for the period were up 16% to £37.9 million (2015: £32.7 million) driven by the continuing strong performance of *Peppa Pig* and contribution from the new properties *PJ Masks* and *Winston Steinburger and Sir Dudley Ding Dong*. Underlying EBITDA increased 13% to £24.7 million (2015: £21.9 million) from increased revenues, with underlying EBITDA margin marginally lower, reflecting the revenue mix from different properties.

Investment in acquired content and productions was £2.3 million (2015: £2.4 million). The investment in the period related to series four of *Peppa Pig*, series two of *PJ Masks* and *Winston Steinburger and Sir Dudley Ding Dong.*

£m	2016	2015	Change
Revenue	37.9	32.7	16%
Underlying EBITDA	24.7	21.9	13%
Investment in acquired content	0.7	0.5	40%
Investment in productions	1.6	1.9	(16%)

Peppa Pig continues to perform exceptionally well, with almost 320 new and renewed broadcast and licensing agreements having been signed in the period. As at 30 September 2016, the business had more than 930 live licensing and merchandising contracts across its portfolio of brands.

Peppa Pig remains the leading pre-school brand in key territories and continues to perform well in its core UK market where it is considered to be an "evergreen" brand amongst retailers.

The US is gaining strong momentum with over 275% growth in revenues period-on-period supported by Nick Jr broadcasting *Peppa Pig* seven days a week, and with *Peppa Pig* now becoming the best-selling pre-school girls' toy licensed property in the US during September 2016. All key US retailers including Walmart and Target are continuing to see strong sell-through across their toys and clothing ranges and on the back of these strong sales the Group is now focusing on increasing the SKU count and driving the range into additional stores. Target has committed to end of aisle toy promotions in their stores and with this full-scale commitment strong sales growth is expected to continue in 2017.

In Europe, more established markets such as Spain and Italy are continuing to perform well with the roll-out of *Peppa Pig* into emerging territories like France and Russia showing positive results. *Peppa Pig* is the fastest growing pre-school brand in France and the top-rated programme on its state broadcasters France 4 and France 5. Steady growth has also been seen in Latin America where licensing and merchandising programmes continue in all key territories across the region.

Exposure in China has continued to grow with *Peppa Pig* being one of the most popular programmes for pre-schoolers on state television broadcaster CCTV. Since launching in October 2015, views on local on-demand platforms iQIYI, Youku and Tudou have now surpassed eight billion views, increasing *Peppa Pig's* exposure beyond traditional television. Major Chinese online retailers, Jing Dong and Tmall, have launched a wide range of *Peppa Pig* merchandise on their popular online shopping sites and merchandise is also available at Toys R Us stores nationwide. Performance in other South East Asian markets, including Hong Kong, Singapore, Taiwan and the Philippines has been strong and this momentum is continuing to expand to other countries including Korea and India.

On the back of strong ratings in the US, *Ben and Holly's Little Kingdom* is previewing concepts to retail for a 2017 launch, with retailers expressing strong interest.

PJ Masks continues to deliver strong audience figures in the US and has consistently been in the top three shows on Disney Jr. The series is now broadcasting in all Disney's key international channels, as well as selected terrestrial networks such as France 5, where it has had excellent ratings. Licensing agreements are being signed earlier than expected in the US and Canada, boosted by the strong broadcast performance, demonstrating confidence in the brand amongst the licensee community. In the US, backpacks were launched in the summer at Toys R Us becoming the number one best-seller in the key "back to school" period and indicating strong prospects for the toy launch at Toys R Us in autumn and wider release in the new year. UK toy ranges will launch in spring 2017 and, following the success in the US, there is strong licensing momentum building across other territories. On the back of international success on TV and digital platforms, as well as strong appetite for licensing, a second season of *PJ Masks* has been greenlit for production with delivery from autumn 2018.

The second half of the financial year looks very strong with encouraging US holiday season sell-in data from licensees on both *Peppa Pig* and *PJ Masks*, which should drive higher than forecast licensing and merchandising sales.

Production continues on season four of *Peppa Pig* with the first ten episodes delivered during the period and further ten expected to be delivered in the second half of the year. A theatrical release for *Peppa Pig: My First Cinema Experience* featuring new interstitial content and never-before-seen episodes from series four is planned in the UK and Australia for Easter 2017. *Bobby and the Bike Buddies*, a pre-school series for boys, has been greenlit for production on 52 11-minute episodes with major broadcasters attached such as Gulli in France, Rai in Italy and Discovery in Latin America. The new series *Cupcake and Dino* has also been greenlit for 52 11-minute episodes, building on the portfolio of children's brands in Family.

Film

The Group's Film business is one of the largest independent film businesses in the world with operations in the US, the UK, Canada, Spain, the Benelux, Australia and New Zealand, and, together with its global digital rights business, focuses on production and sales of film content worldwide.

Revenues increased by 9% to £242.0 million (2015: £221.6 million), driven by growth in theatrical and production activity. In line with management expectations, underlying EBITDA was lower year-on-year driven by the timing of high profile theatrical releases in the first half of the year. Full year underlying EBITDA will normalise in the second half of the year as these first half theatrical titles progress through their profitable home entertainment windows.

£m	2016	2015	Change
Revenue	242.0	221.6	9%
Theatrical	*42.5*	*22.7*	*87%*
Home entertainment	*58.6*	*79.2*	*(26%)*
Broadcast and digital	*75.4*	*80.1*	*(6%)*
Production and international sales	*56.5*	*26.5*	*113%*
Other	*11.5*	*14.4*	*(20%)*
Eliminations	*(2.5)*	*(1.3)*	*92%*
Underlying EBITDA	(2.3)	12.9	(118%)
Investment in acquired content	97.7	30.6	219%
Investment in productions	(3.7)	3.6	(203%)

Theatrical

Overall theatrical revenues increased by 87% reflecting higher box office takings, which were up by 55% to US$152 million (2015: US$98 million). This increase was driven by a strong release slate, which more than offset the reduced volume of releases period-on-period (88 compared to 96 in 2015) as the business continues to focus on releasing high quality and impactful films. The year to date box office takings[1] increased by 64% on the prior period.

The release slate in the first half of the year included several high profile releases such as *The BFG,* which has to-date grossed over £30 million at the UK box office and has recently been nominated for the favourite film at the BAFTA Children's Awards. Other key releases included *Now You See Me 2*, *Bad Moms*, *Eye in the Sky* and Woody Allen's *Café Society*.

The Group expects to release around 180 films in the full year, with a number of titles now expected to be delivered next financial year, and investment in acquired content is expected to be around £160 million. The slate remains strong and diverse for the second half and includes *The Girl on the Train*, based on the best-selling novel, which opened in the UK and several other territories in the first week of October and has to-date generated over £23 million at the UK box office, *Office Christmas Party*, the third title from the partnership with Amblin Partners, and *Lion*, *A Monster Calls* and *La La Land*, which all premiered to wide acclaim at the Toronto International Film Festival, critically acclaimed *I, Daniel Blake*, which won the Palme d'Or at this year's Cannes Film Festival, the comedy sequel *Bad Santa 2* and the sci-fi drama *Arrival*, eOne's third number one opening of the year, starring Amy Adams.

Home entertainment

Revenues decreased by 26% reflecting the lower number of releases, fewer high profile releases and continuing migration from physical to digital format. In total, 215 DVDs and Blu-rays were released (2015: 279) including strong performing titles such as *The Divergent Series: Allegiant Part 1*, *Eye in the Sky*, *Spotlight* and *Triple Nine.*

eOne's new partnerships with 20th Century Fox Home Entertainment, on a multi-territory basis, and Sony Pictures Home Entertainment, in the US, ensure that the Group remains best-positioned to compete in the physical home entertainment marketplace as it transitions to a digital future.

The Group expects to release around 370 titles in the full year with planned home entertainment revenues in the second half of the financial year, including *The BFG* and *The Girl on the Train*, expected to be much stronger than the first half. Some very positive early second half home entertainment releases have already been seen, including the Oasis documentary *Supersonic* and *Gods of Egypt*, both of which debuted at number two on the sales chart in the UK in their first week, and *Bad Moms* in Canada whose initial sell-through after a November release is exceeding both internal projections and comparable title results.

Broadcast and digital

The Group's combined broadcast and digital revenues were 6% lower, mainly due to updated terms of various renewed SVOD deals which have been renegotiated to allow increased monetisation of the digital and broadcast exploitation windows.

Key broadcast/digital titles in the period included *The Divergent Series: Allegiant Part 1*, *Now You See Me 2*, *Spotlight*, *The Hateful Eight*, *The Last Witch Hunter* and *The Hunger Games: Mockingjay Part 1*.

1 As of the week ending 13 November 2016 (2015: Week ended 15 November 2015)

Production and international sales
Revenues increased by 113% to £56.5 million (2015: £26.5 million) driven by the strategic investment in Sierra Pictures in December 2015. Sierra distributes films produced and acquired by eOne, as well as eOne-distributed films from The Mark Gordon Company outside of Canada, the UK, Australia/New Zealand, Benelux and Spain (where eOne directly distributes titles).

During the period, eOne delivered *Message from the King* and *David Brent: Life on the Road*, written by and starring Ricky Gervais, which was released theatrically in the UK and Australia by eOne with the remaining worldwide rights sold to Netflix. Sierra Pictures completed production on *Lost City of Z* during the period.

Filming on *Villa Capri*, a *Last Vegas* style comedy, completed in September. The film is written and directed by Ron Shelton and stars Morgan Freeman, Tommy Lee Jones and Rene Russo. Filming on *The Ritual*, a low-budget horror film directed by David Bruckner and starring Rafe Spall, has also been completed. Filming is underway on Xavier Dolan's *The Death and Life of John F. Donovan*, starring Jessica Chastain. eOne also has IP rights for a number of projects and has signed a first look deal with Tooley Productions (producer of *The Fighter* and *Limitless*) which gives it the opportunity to co-produce and co-finance projects – the first project in development, *Fool Me Once*, will star Julia Roberts.

Investment in productions is expected to grow to around £45 million (2016: £11.9 million) for the full financial year, lower than previous expectations due to changes in the timing of the production slate.

FINANCIAL INFORMATION

Adjusted profit for the period decreased to £18.6 million (2015: £29.2 million) primarily reflecting the decrease in underlying EBITDA. Adjusted profit before tax decreased to £23.8 million (2015: £39.9 million), in line with decreased adjusted operating profit. Reported operating profit decreased to £13.2 million (2015: 29.0 million) with the Group reporting a profit before tax of £3.7 million (2015: £18.1 million).

	Reported		Adjusted	
£m	2016	2015	2016	2015
Revenue	401.0	337.1	401.0	337.1
Underlying EBITDA	37.7	52.0	37.7	52.0
Amortisation of acquired intangibles	(20.7)	(10.5)	-	-
Depreciation and amortisation of software	(2.4)	(2.1)	(2.4)	(2.1)
Share-based payment charge	(2.8)	(1.8)	-	-
Tax, finance costs and depreciation related to joint ventures	-	(2.1)	-	-
One-off items	1.4	(6.5)	-	-
Operating profit	13.2	29.0	35.3	49.9
Net finance charges	(9.5)	(10.9)	(11.5)	(10.0)
Profit before tax	3.7	18.1	23.8	39.9
Tax	1.3	(3.0)	(5.2)	(10.7)
Profit for the period[1]	5.0	15.1	18.6	29.2

1 Adjusted profit for the period excludes amortisation of acquired intangibles, share-based payment charge, tax, finance costs and depreciation related to joint ventures and one-off items relating to operating finance and tax.

AMORTISATION OF ACQUIRED INTANGIBLES

Amortisation of acquired intangibles increased by £10.2 million to £20.7 million primarily due to increased amortisation of intangibles acquired on the acquisitions made during the year ended 31 March 2016 of The Mark Gordon Company, Astley Baker Davies Limited, Sierra Pictures, Renegade 83 and Amblin Partners.

DEPRECIATION

Depreciation, which includes the amortisation of software, has increased by £0.3 million to £2.4 million, reflecting the higher level of capital expenditure over the last year resulting from the consolidation of the Group's Toronto offices. Capital expenditure is now expected to stabilise at around £3 million per year.

SHARE-BASED PAYMENT CHARGE

The share-based payment charge increased by £1.0 million to £2.8 million, reflecting additional awards issued, including the first award under the Group's Sharesave Scheme, which is open to all employees and encourages employees share ownership.

ONE-OFF ITEMS

One-off items resulted in a net credit of £1.4 million, compared to a charge of £6.5 million in the prior year period. Strategy-related restructuring costs incurred during the six months ended 30 September 2016 of £5.7 million related to the restructuring of the physical distribution business through the partnerships with Fox and Sony. An acquisition-related credit of £2.1 million related to the acquisition accounting for the purchase of the remaining 50% stake in Secret Location and a further credit of £7.1 million resulted from the re-assessment of contingent consideration in relation to prior year acquisitions, together with £0.2 million of costs relating to acquisitions made during the period. Other corporate project costs of £1.9 million primarily related to a one-off foreign exchange charge relating to the alignment of the TV business with the Group hedging process.

NET FINANCE CHARGES

Reported net finance charges decreased by £1.4 million to £9.5 million. Excluding one-off net finance credits of £2.0 million in the current period, relating to a release of provisions offset by the unwind of the discounting on the put/call liabilities in relation to prior year acquisitions, adjusted finance charges at £11.5 million were £1.5 million higher in the current period, reflecting higher average debt levels period-on-period and higher interest rates following the Group's re-financing in December 2015. The weighted average interest rate for the Group's financing was 6.7% compared to 4.9% in the prior year period.

TAX

On a reported basis the Group's tax credit of £1.3 million (2015: £3.0 million charge), which includes the impact of one-off items, represents an effective rate[2] of (31.7)% compared to 21.3% in the prior year period and 17.3% for the year to 31 March 2016. On an adjusted basis, the effective rate is 21.5% compared to 24.0% in the prior year period, driven by a different mix of profit by jurisdiction (with different statutory rates of tax). The adjusted effective tax rate for the full year is expected to be approximately 23.0%.

2 The Group calculates the effective tax rate after adjusting for the share of results of joint ventures of £0.4 million loss. The Group calculates adjusted effective tax rate after adjusting for loss before tax relating to joint ventures of £0.4 million and the related underlying income tax charge of nil.

CASH FLOW AND NET DEBT

The table below reconciles cash flows associated with the net debt of the Group. It excludes cash flows associated with production activities which are reconciled in the Cash Flow and Production Financing section below.

Six months to 30 September	2016 £m	2015 £m
Underlying EBITDA	39.6	51.5
Adjustments for:		
Tax, finance costs and depreciation related to joint ventures	-	(2.0)
One-off items	1.7	(6.0)
Amortisation of investment in productions and acquired content rights	91.1	49.6
Foreign exchange movements	-	(0.7)
Fair value gain on acquisition of subsidiary	(2.1)	-
Share of results of joint ventures	0.4	(3.7)
Operating cash flows before changes in working capital and provisions	130.7	88.7
Working capital movements	(51.4)	(60.1)
Income tax paid	(7.1)	(2.8)
Net cash from operating activities	72.2	25.8
Cash one-off items	7.0	4.2
Purchase of content and productions	(130.7)	(47.4)
Purchase of PP&E and software	(0.9)	(6.0)
Interest paid	(12.9)	(7.5)
Free cash flow	(65.3)	(30.9)
Cash one-off items	(7.0)	(4.2)
Financing items	(0.7)	(0.9)
Acquisitions, net of debt acquired (including purchase of intangibles)	(2.1)	7.6
Dividends paid	(6.8)	(3.2)
Net increase in net debt	(81.9)	(31.6)
Net debt at the beginning of the period	(180.8)	(224.9)
Net increase in net debt	(81.9)	(31.6)
Effect of foreign exchange fluctuations on net debt held	(0.6)	6.5
Net debt at the end of the period	(263.3)	(250.0)

The table below reconciles the movement in net debt to movement in cash associated with net debt of the Group:

Six months to 30 September	2016 £m	2015 £m
Net increase in net debt	(81.9)	(31.6)
Net drawdown of interest bearing loans and borrowings	27.7	28.1
Fees paid on refinancing of Group's bank facilities	(0.6)	-
Acquisitions, debt acquired	2.4	-
Amortisation of deferred finance charges	0.9	1.3
Net decrease in cash	(51.5)	(2.2)

Including the effects of changes in foreign exchange rates, net debt increased £82.5 million in the period to £263.3 million primarily driven by higher investment in content reflecting the increased confidence in the Film Division, partly offset by increased cash from operating activities.

Net cash from operating activities was £72.2 million, £46.4 million higher than the prior period, reflecting strong operating cash flows in the period and lower working capital outflow.

Income tax paid was £4.3 million higher at £7.1 million, mainly driven by increased profitability in the UK and a tax refund in Canada in the prior period.

Purchase of PP&E and software decreased to £0.9 million as the prior period included costs associated with the consolidation of the Group's Toronto offices.

Interest paid increased by £5.4 million to £12.9 million, driven by payments of interest on the Group's senior secured notes.

The prior period acquisitions inflow of £7.6 million was driven by cash recognised following the full consolidation of The Mark Gordon Company.

Dividends paid of £6.8 million were higher than the prior period, driven by the Group's increased dividend to shareholders of 1.2 pence per share (2015: 1.1 pence) and higher dividends to non-controlling interests in the Group's subsidiaries.

The £6.5 million impact of foreign exchange fluctuations on net debt held in the prior period mainly relates to the translation impact of the strengthening of pounds sterling against the Canadian dollar.

DIVISIONAL CASH FLOW PERFORMANCE

The table below reconciles cash flows associated with the net debt of the Group, by Division. It excludes cash flows associated with production activities which are reconciled in the Cash Flow and Production Financing section below.

	2016					2015				
£m	Television	Family	Film	Centre	Total	Television	Family	Film	Centre	Total
Underlying EBITDA	21.2	24.8	(3.2)	(3.2)	39.6	19.2	22.3	13.0	(3.0)	51.5
Content investment/ amortisation gap	2.4	(0.3)	(43.3)	-	(41.2)	(2.5)	(0.5)	12.3	-	9.3
Production investment/ amortisation gap	1.5	(1.3)	1.4	-	1.6	-	(0.7)	(6.4)	-	(7.1)
Working capital (excluding one-offs)	(13.8)	(6.6)	(24.4)	-	(44.8)	(20.5)	(17.1)	(25.0)	-	(62.6)
Joint venture movements	0.4	-	-	-	0.4	(5.7)	-	-	-	(5.7)
Adjusted cash flow	11.7	16.6	(69.5)	(3.2)	(44.4)	(9.5)	4.0	(6.1)	(3.0)	(14.6)
Income tax paid					(7.1)					(2.8)
Purchase of PP&E and software					(0.9)					(6.0)
Interest paid					(12.9)					(7.5)
Free cash flow					(65.3)					(30.9)

Free cash outflow was £65.3 million, in line with management expectations, primarily driven by adjusted cash outflow of £44.4 million outflow at the Divisional level, driven by:

Television

Television adjusted cash inflow improved in the period to £11.7 million (2015: £9.5 million outflow), driven by the increase in underlying EBITDA and improvement in seasonal working capital movements. The working capital outflow in the current financial year of £13.8 million mainly relates to an increase in accrued income in The Mark Gordon Company relating to the participation revenue and producer fees and the reduction in deferred revenue in Renegade 83. Joint venture movements in the current period relate to Secret Location prior to its consolidation as a subsidiary in August 2016, compared to prior year period which also included share of results of joint ventures from MGC up to May 2015.

Family

Family adjusted cash inflow increased in the period to £16.6 million (2015: £4.0 million). The cash conversion improvement primarily reflects lower working capital outflows as there was a working capital outflow in the prior period relating to the lower royalty payable accrual as a result of the acquisition of Astley Baker Davies Limited.

Film

The Film adjusted cash outflow of £69.5 million is higher compared to the prior period (2015: £6.1 million outflow), primarily driven by the planned increased investment in content and the impact of that on underlying EBITDA. The investment in acquired content gap is driven by significant investment in the high profile theatrical titles during the period. The working capital outflow in the current period of £24.4 million is primarily due to a decrease in payables driven by the seasonal timing of payments, partly offset by lower receivables driven by the transition of physical distribution to Sony Pictures Home Entertainment in the US and a decrease in broadcast and digital receivables due to lower sales.

CASH FLOW AND PRODUCTION FINANCING

Production financing cash flows relate to financing which is used to fund the Group's television, family and film productions. The financing is arranged on an individual production basis by special purpose production subsidiaries which are excluded from the security of the Group's corporate facility. It is short-term financing whilst the production is being made and is paid back once the production is delivered from the sales receipts and tax credits associated with that production. The Company deems this type of financing to be working capital in nature, as it is timing-based. The Company therefore shows the cash flows associated with these activities separately. The Company also believes that higher production financing demonstrates an increase in the success of the Television, Family and Film production businesses, which helps drive revenues for the Group and therefore increases the generation of EBITDA and cash for the Group, which in turn reduces the Group's net debt leverage.

The table below reconciles cash flows associated with the production financing taken out by the Group.

Six months to 30 September	2016 £m	2015 £m
Underlying EBITDA	(1.9)	0.5
Adjustments for:		
Tax, finance costs and depreciation related to joint ventures	-	(0.1)
One-off items	(0.3)	(0.5)
Amortisation of investment in productions	45.0	50.8
Foreign exchange movements	-	2.9
Share of results of joint ventures	-	(0.3)
Operating cash flows before changes in working capital and provisions	42.8	53.3
Working capital movements	19.5	13.6
Income tax paid	(1.6)	(2.3)
Net cash from operating activities	60.7	64.6
Cash one-off items	0.3	0.4
Purchase of productions	(67.7)	(57.5)
Purchase of PP&E and software	(0.1)	(0.2)
Interest paid	-	(1.1)
Free cash flow	(6.8)	6.2
Cash one-off items	(0.3)	(0.4)
Financing items	(0.1)	-
Acquisitions, net of production financing acquired (including purchase of intangibles)	-	(0.2)
Net (increase)/decrease in production financing	(7.2)	5.6
Production financing at the beginning of the period	(118.0)	(89.3)
Net (increase)/decrease in production financing	(7.2)	5.6
Effect of foreign exchange fluctuations on production financing	(13.5)	5.0
Production financing at the end of the period	(138.7)	(78.7)

The table below reconciles the movement in production financing to the movement in cash associated with production financing taken out by the Group:

Six months to 30 September	2016 £m	2015 £m
Net (increase)/decrease in production financing	(7.2)	5.6
Net drawdown/(repayment) of production financing	21.4	(3.0)
Net increase in cash	14.2	2.6

Net cash from operating activities was £60.7 million, marginally lower than the prior period.

Overall production financing increased £7.2 million in the period to £138.7 million primarily reflecting the higher purchase of content and productions, which exceeded amortisation of investment in productions, partly offset by working capital movements.

DIVISIONAL CASH FLOW PERFORMANCE

The table below reconciles cash flows associated with the production financing taken out by the Group, by Division.

	2016				2015			
£m	Television	Family	Film	Total	Television	Family	Film	Total
Underlying EBITDA	(2.7)	(0.1)	0.9	(1.9)	1.0	(0.4)	(0.1)	0.5
Production investment/amortisation gap	(48.4)	0.8	24.9	(22.7)	(18.2)	(0.7)	12.2	(6.7)
Working capital (excluding one-offs)	33.2	(0.5)	(13.2)	19.5	17.3	0.7	(1.6)	16.4
Joint venture movements	-	-	-	-	-	-	(0.4)	(0.4)
Adjusted cash flow	(17.9)	0.2	12.6	(5.1)	0.1	(0.4)	10.1	9.8
Income tax paid				(1.6)				(2.3)
Purchase of PP&E and software				(0.1)				(0.2)
Interest paid				-				(1.1)
Free cash flow				(6.8)				6.2

Free cash outflow amounted to £6.8 million in the period primarily reflecting the investment in productions gap where investment spend exceeded amortisation of productions, particularly in Television, partly offset by working capital movements.

FINANCIAL POSITION AND GOING CONCERN BASIS

The Group's net assets increased by £55.8 million to £714.3 million at 30 September 2016 (31 March 2016: £658.5 million). The increase primarily reflects favourable foreign exchange movements on the translation of the Group's foreign currency subsidiaries and increased content and production spend.

The directors acknowledge guidance issued by the Financial Reporting Council relating to going concern. The directors consider it appropriate to prepare the condensed consolidated financial statements on a going concern basis, as set out in Note 2 to the condensed consolidated financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union; and
- the Interim Management Report includes a fair review of information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules of the Financial Conduct Authority.

By order of the Board

GILES WILLITS

Director

21 November 2016

A presentation to analysts will take place at 9.30am on Tuesday, 22 November 2016 at eOne's UK office (45 Warren Street, London, W1T 6AG). For more information, or to register to attend, contact Redleaf Communications (+44 20 7382 4733 or eOne@redleafpr.com).

For further information please contact:

Redleaf Communications
Rebecca Sanders-Hewett/Sarah Fabietti-Dallison/Susie Hudson

Tel: +44 20 7382 4730

Email: eOne@redleafpr.com

Entertainment One
Darren Throop (CEO)
Giles Willits (CFO)

via Redleaf Communications

Patrick Yau (Director of Investor Relations)

Tel: +44 20 3714 7931

Email: PYau@entonegroup.com

CAUTIONARY STATEMENT

This Interim 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. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report. 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 Interim Announcement should be construed as a profit forecast.

A copy of this Interim Announcement for the six months ended 30 September 2016 can be found on the Group's website at www.entertainmentone.com.

Condensed Consolidated Income Statement

For the six months ended 30 September 2016

	Note	Six months ended 30 September 2016 £m	Six months ended 30 September 2015 £m
Revenue	3	401.0	337.1
Cost of sales		(305.9)	(241.3)
Gross profit		95.1	95.8
Administrative expenses		(81.5)	(70.8)
Share of results of joint ventures		(0.4)	4.0
Operating profit		13.2	29.0
Finance income		2.2	0.4
Finance costs		(11.7)	(11.3)
Profit before tax		3.7	18.1
Income tax credit/(charge)		1.3	(3.0)
Profit for the period		5.0	15.1
Attributable to:			
Owners of the Company		0.3	13.5
Non-controlling interests		4.7	1.6
Operating profit analysed as:			
Underlying EBITDA	3	37.7	52.0
Amortisation of acquired intangibles		(20.7)	(10.5)
Depreciation and amortisation of software		(2.4)	(2.1)
Share-based payment charge		(2.8)	(1.8)
Tax, finance costs and depreciation related to joint ventures		-	(2.1)
One-off items	4	1.4	(6.5)
Operating profit		13.2	29.0
Earnings per share (pence)			
Basic [1]	5	0.1	4.1
Diluted [1]	5	0.1	4.0
Adjusted earnings per share (pence)			
Basic [1]	5	2.7	8.1
Diluted [1]	5	2.6	8.0

1 2015 earnings per share and adjusted earnings per share have been restated to reflect the bonus element of the rights issue completed on 20 October 2015. Refer to Note 5 for details.

All activities relate to continuing operations.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2016

	Six months ended 30 September 2016 £m	Six months ended 30 September 2015 £m
Profit for the period	5.0	15.1
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on foreign operations	49.9	(14.8)
Fair value movements on cash flow hedges	5.8	0.1
Reclassification adjustments for movements on cash flow hedges	(4.7)	(2.4)
Tax related to components of other comprehensive income	-	0.2
Total comprehensive income/(loss) for the period	56.0	(1.8)
Attributable to:		
Owners of the Company	45.7	(3.4)
Non-controlling interests	10.3	1.6

Condensed Consolidated Balance Sheet

At 30 September 2016

	30 September 2016 £m	(Restated) 31 March 2016 £m	30 September 2015 £m
ASSETS			
Non-current assets			
Goodwill	391.2	359.3	268.6
Other intangible assets	315.1	314.5	122.2
Interests in joint ventures	1.1	3.2	3.1
Investment in productions	169.7	127.7	90.7
Property, plant and equipment	12.6	12.0	10.4
Trade and other receivables	49.1	48.1	49.1
Deferred tax assets	26.0	19.2	12.2
Total non-current assets	964.8	884.0	556.3
Current assets			
Inventories	49.5	51.1	46.6
Investment in acquired content rights	278.4	241.3	208.3
Trade and other receivables	422.3	341.7	301.5
Cash and cash equivalents	73.1	108.3	68.8
Current tax assets	2.2	1.6	0.5
Financial instruments	10.1	8.6	6.4
Total current assets	835.6	752.6	632.1
Total assets	1,800.4	1,636.6	1,188.4
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	308.4	275.5	271.7
Production financing	72.3	33.6	57.9
Other payables	50.3	51.1	15.9
Provisions	0.3	0.3	0.3
Deferred tax liabilities	53.7	53.1	22.6
Total non-current liabilities	485.0	413.6	368.4
Current liabilities			
Interest-bearing loans and borrowings	0.9	–	19.3
Production financing	93.5	98.0	48.6
Trade and other payables	476.1	434.9	335.6
Provisions	3.0	3.7	4.7
Current tax liabilities	24.3	24.8	25.7
Financial instruments	3.3	3.1	4.0
Total current liabilities	601.1	564.5	437.9
Total liabilities	1,086.1	978.1	806.3
Net assets	714.3	658.5	382.1
EQUITY			
Stated capital	504.1	500.0	305.5
Own shares	(3.6)	(3.6)	(3.6)
Other reserves	11.8	10.7	11.6
Currency translation reserve	56.1	11.8	(28.8)
Retained earnings	98.0	100.3	75.0
Equity attributable to owners of the Company	666.4	619.2	359.7
Non-controlling interests	47.9	39.3	22.4
Total equity	714.3	658.5	382.1
Total liabilities and equity	1,800.4	1,636.6	1,188.4

These condensed consolidated financial statements were approved by the Board of Directors on 21 November 2016.

Giles Willits Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2016

			Other reserves						
	Stated capital £m	Own shares £m	Cash flow hedge reserve £m	Restructuring reserve £m	Currency translation reserve £m	Retained earnings £m	Equity attributable to the owners of the Company £m	Non-controlling interests £m	Total equity £m
At 1 April 2015	305.5	(3.6)	4.4	9.3	(14.0)	63.0	364.6	0.2	364.8
Profit for the period	–	–	–	–	–	13.5	13.5	1.6	15.1
Other comprehensive loss	–	–	(2.1)	–	(14.8)	–	(16.9)	–	(16.9)
Total comprehensive (loss)/income for the period	–	–	(2.1)	–	(14.8)	13.5	(3.4)	1.6	(1.8)
Non-controlling interest on acquisition of subsidiaries	–	–	–	–	–	–	–	20.6	20.6
Dividends paid	–	–	–	–	–	(3.2)	(3.2)	–	(3.2)
Credits in respect of share-based payments	–	–	–	–	–	1.7	1.7	–	1.7
At 30 September 2015	305.5	(3.6)	2.3	9.3	(28.8)	75.0	359.7	22.4	382.1
At 1 April 2016	**500.0**	**(3.6)**	**1.4**	**9.3**	**11.8**	**100.3**	**619.2**	**41.2**	**660.4**
Restatement	–	–	–	–	–	–	–	**(1.9)**	**(1.9)**
At 1 April 2016 (restated)	**500.0**	**(3.6)**	**1.4**	**9.3**	**11.8**	**100.3**	**619.2**	**39.3**	**658.5**
Profit for the period	–	–	–	–	–	**0.3**	**0.3**	**4.7**	**5.0**
Other comprehensive income	–	–	**1.1**	–	**44.3**	–	**45.4**	**5.6**	**51.0**
Total comprehensive income for the period	–	–	**1.1**	–	**44.3**	**0.3**	**45.7**	**10.3**	**56.0**
Issue of common shares on acquisition of subsidiaries	**4.1**	–	–	–	–	–	**4.1**	–	**4.1**
Credits in respect of share-based payments	–	–	–	–	–	**2.5**	**2.5**	–	**2.5**
Dividends paid	–	–	–	–	–	**(5.1)**	**(5.1)**	**(1.7)**	**(6.8)**
At 30 September 2016	**504.1**	**(3.6)**	**2.5**	**9.3**	**56.1**	**98.0**	**666.4**	**47.9**	**714.3**

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2016

	Note	Six months ended 30 September 2016 £m	Six months ended 30 September 2015 £m
Operating activities			
Operating profit		**13.2**	29.0
Adjustments for:			
Depreciation of property, plant and equipment		**1.1**	0.9
Amortisation of software		**1.3**	1.2
Amortisation of acquired intangibles		**20.7**	10.5
Amortisation of investment in productions		**65.7**	44.3
Amortisation of investment in acquired content rights		**70.4**	56.1
Foreign exchange movements		**–**	2.2
Fair value gain on acquisition of subsidiary	4, 6	**(2.1)**	–
Share of results of joint ventures		**0.4**	(4.0)
Share-based payment charge		**2.8**	1.8
Operating cash flows before changes in working capital and provisions		**173.5**	142.0
Decrease in inventories		**5.7**	2.6
Increase in trade and other receivables		**(43.3)**	(31.0)
Increase/(decrease) in trade and other payables		**6.7**	(20.2)
(Decrease)/increase in provisions		**(1.0)**	2.1
Cash generated from operations		**141.6**	95.5
Income tax paid		**(8.7)**	(5.1)
Net cash from operating activities		**132.9**	90.4
Investing activities			
Acquisition of subsidiaries and joint ventures, net of cash acquired		**0.3**	8.0
Dividend received from interests in joint ventures		**0.1**	–
Purchase of investment in acquired content rights		**(111.6)**	(46.7)
Purchase of investment in productions, net of grants received		**(86.8)**	(58.2)
Purchase of acquired intangibles		**–**	(0.6)
Purchase of property, plant and equipment		**(0.5)**	(5.5)
Purchase of software		**(0.5)**	(0.7)
Net cash used in investing activities		**(199.0)**	(103.7)
Financing activities			
Drawdown of interest-bearing loans and borrowings		**99.7**	60.8
Repayment of interest-bearing loans and borrowings		**(72.0)**	(32.7)
Net drawdown/(repayment) of production financing		**21.4**	(3.0)
Interest paid		**(12.9)**	(8.6)
Dividends paid to shareholders and to non-controlling interests of subsidiaries		**(6.8)**	(3.2)
Other financing (credits)/costs		**(0.6)**	0.4
Net cash from financing activities		**28.8**	13.7
Net (decrease)/increase in cash and cash equivalents		**(37.3)**	0.4
Cash and cash equivalents at beginning of the period		**108.3**	71.3
Effect of foreign exchange rate changes on cash held		**1.2**	(2.9)
Cash and cash equivalents at end of the period (net of bank overdrafts)		**72.2**	68.8

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

1. Nature of operations and general information

Entertainment One is a leading independent entertainment group focused on the acquisition, production and distribution of television, family, film and music content rights across all media throughout the world. Entertainment One Ltd. (the Company) is the Group's ultimate parent company and is incorporated and domiciled in Canada. The registered office of the Company is 134 Peter Street, Suite 700, Toronto, Ontario, M5V 2H2, Canada.

The Company's common shares are listed on the premium listing segment of the Official List of the Financial Conduct Authority. Segmental information is disclosed in Note 3.

2. Basis of preparation

Significant accounting policies

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union.

These condensed consolidated financial statements have also been prepared in accordance with the accounting policies and methods of computation which the Group expects to adopt for the year ended 31 March 2017. Except for the adoption of new, amended and revised Standards as set out below, these policies are consistent with the principal accounting policies which were set out in the Group's latest annual audited consolidated financial statements.

Preparation of the condensed consolidated financial statements on the going concern basis

In addition to its senior secured notes (due 2022) the Group meets its day-to-day working capital requirements and funds its investment in content through its cash in hand and through a revolving credit facility which matures in December 2020 and is secured on certain assets held by the Group. Under the terms of this facility the Group is able to draw down in the local currencies of its operating businesses. The facility and senior secured notes are subject to a series of covenants including interest cover charge, gross debt against underlying EBITDA and capital expenditure.

The Group is exposed to uncertainties arising from the economic climate and uncertainties 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 its existing financing and provide headroom against the covenants for the foreseeable future. For these reasons the directors continue to adopt the going concern basis of accounting in preparing these condensed consolidated financial statements.

Use of additional performance measures

The Group uses a number of non-IFRS financial measures that are not specifically defined under IFRS or any other generally accepted accounting principles, including underlying EBITDA, one-off items, adjusted profit before tax, adjusted earnings per share, net debt, adjusted net debt and production financing. These non-IFRS financial measures are presented because they are among the measures used by management to measure operating performance and as a basis for strategic planning and forecasting, and the Group believes that these measures are frequently used by investors in analysing business performance.

The Group presents underlying EBITDA, one-off items, adjusted profit before tax and adjusted earnings per share information. These measures are used by the directors for internal performance analysis and incentive compensation arrangements for employees. The directors considers there to be no appropriate IFRS measure available to assess performance on a divisional level. The terms "underlying", "one-off items" 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 amortisation of acquired intangibles; depreciation; amortisation of software; share-based payment charge; tax, finance costs and depreciation related to joint ventures; and operating one-off items.

The terms "adjusted profit before tax" and "adjusted earnings per share" refer to the reported measures excluding amortisation of acquired intangibles; share-based payment charge; tax, finance costs and depreciation related to joint ventures; operating one-off items; finance one-off items; and, in the case of adjusted earnings per share, one-off tax items.

The Group defines "net debt" as interest-bearing loans and borrowings net of cash and cash equivalents. Interest-bearing loans and borrowings include bank borrowings net of deferred finance charges, senior secured notes, bank overdrafts and other interest-bearing loans.

"Production financing" is used to fund the Group's film and television production businesses, and is shown net of cash and cash equivalents relating to the Group's film and television production business. Production financing is arranged on an individual production basis by special purpose production subsidiaries which are excluded from the security of the Group's corporate facility. It is short-term financing, typically having a maturity of less than two years, whilst the production is being made and is paid back once the production is delivered and the government subsidies, tax credits, broadcaster pre-sales, international sales and/or home entertainment sales are received. The Company deems this type of financing to be working capital, as it is timing based in nature.

Restatement of 31 March 2016 consolidated balance sheet

The opening balance sheets included within the consolidated financial statements as at 31 March 2016 for the acquisitions of Sierra Pictures LLC and Renegade Entertainment, LLC were based upon provisional information and management's best estimate based upon facts and circumstances then available. The balance sheet as at 31 March 2016 has been restated to reflect adjustments to provisional amounts to reflect new information obtained about facts and circumstances that were in existence at the acquisition date. Refer to Note 6 for full details.

New Standards and amendments, revisions and improvements to Standards adopted during the period

During the six months ended 30 September 2016 the following new, amended and revised Standards have been adopted by the Group:

New, amended, revised and improved Standards	Effective date
Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to IAS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to IAS 1 *Disclosure Initiatives*	1 January 2016
Annual improvements 2012-2014 Cycle:	
Amendments to IFRS 5 *Non-current assets held for sale and discontinued operations* – changes in method of disposals	1 January 2016
Amendments to IFRS 7 *Financial instruments* – servicing contracts	1 January 2016
Amendments to IFRS 7 *Financial instruments* – applicability of the offsetting disclosures to condensed interim financial statements	1 January 2016
Amendments to IAS 19 *Employee benefits* – discount rate: regional market issue	1 January 2016
Amendments to IAS 34 *Interim financial reporting* – disclosure of information 'elsewhere in the interim financial statements'	1 January 2016

The adoption of these new, amended and revised Standards had no material impact on the Group's financial position, performance or its disclosures.

Among the new Standards and IFRIC interpretations issued by the IASB and the IFRS Interpretations Committee is an amendment to IAS 38, related to clarification of acceptable methods of depreciation and amortisation. The application had no significant impact for the Group. In respect of the Group's production and content rights activities, the directors considers that using the amortisation method based on revenues generated by these activities, according to the estimated revenue method described in Note 3 to the Group's Consolidated Financial Statements for the year ended 31 March 2016, is appropriate because revenue and the consumption of the economic benefits embodied in the intangible assets are highly correlated and the directors do not consider there to be any methodology that is more appropriate.

Financial instruments

The Group uses derivative financial instruments to reduce its exposure to foreign exchange movements. The Group does not hold or issue derivative financial instruments for financial trading purposes. Derivative financial instruments are classified as held-for-trading and recognised in the condensed consolidated balance sheet at fair value.

The Group uses forward currency contracts to hedge transactional exposures. The majority of these contracts are denominated in the subsidiaries' functional currencies and primarily cover minimum guaranteed advances payments in Canada, the UK, Australia, the Benelux and Spain and hedging of other significant financial assets and liabilities. Interest rate swaps may be put in place by the Group in order to limit interest rate risk.

As at 30 September 2016 there were no significant differences between the book value and fair value (as determined by market value) of the Group's financial assets or liabilities, and there has been no significant change to the basis of determining the fair value measurements disclosed within the Group's consolidated financial statements for the year ended 31 March 2016.

Other

These condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 March 2016 which were prepared in accordance with International Financial Reporting Standards and International Financial Reporting Standards Interpretations Committee interpretations, as adopted by the European Union.

These condensed consolidated financial statements are unaudited but have been reviewed by the Group's auditor and their review opinion is included at the end of these statements.

These condensed consolidated financial statements are presented in pounds sterling, which is also the functional currency of the parent company. All values are shown in millions, rounded to the nearest one hundred thousand pounds, except when otherwise stated.

These condensed consolidated financial statements were approved for issue by the directors on 21 November 2016.

3. Segmental analysis

Seasonality of operations

The Group's business is normally subject to seasonal variations based on the timing of film cinema releases, physical home entertainment and television and digital content releases. Release dates are determined by several factors, including timing of holiday periods, the US release date of the film and competition in the market. Also, revenues for the Group's licensed consumer products are influenced by seasonal consumer purchasing behaviour. Accordingly, if a short-term negative impact on the Group's business occurs during a time of high seasonal demand, the effect could have a disproportionate effect on the Group's results for the period.

The Group's exposure to seasonality varies by Division. Within the Television Division, revenues from television productions are driven by contracted delivery dates with primary broadcasters and can fluctuate significantly from period-to-period. The results of the Family Division are affected by the timing of royalties earned on properties driven by timing of holiday periods. The results of the Film Division are affected by the number and timing of film releases. The release dates are not entirely in the control of the Group and are determined largely by the production and release schedules of each film's producer and the timing of holiday periods.

Operating segments

For internal reporting and management purposes, the Group is organised into three main reportable segments based on the types of products and services from which each segment derives its revenue – Television, Family and Film. These Divisions are the basis on which the Group reports its operating segment information.

The types of products and services from which each reportable segment derives its revenues are as follows:

- Television – the production, acquisition and exploitation of television and music content rights across all media.
- Family – the production, acquisition and exploitation, including licensing and merchandising, of family content rights across all media.
- Film – the production, acquisition and exploitation of film content rights across all media.

Inter-segment sales are charged at prevailing market prices.

Segment information for the six months ended 30 September 2016 is presented below:

	Television £m	Family £m	Film £m	Eliminations £m	Consolidated £m
Segment revenues					
External sales	124.2	36.7	240.1	–	401.0
Inter-segment sales	20.3	1.2	1.9	(23.4)	–
Total segment revenues	144.5	37.9	242.0	(23.4)	401.0
Segment results					
Segment underlying EBITDA	18.5	24.7	(2.3)	–	40.9
Group costs					(3.2)
Underlying EBITDA					37.7
Amortisation of acquired intangibles					(20.7)
Depreciation and amortisation of software					(2.4)
Share-based payment charge					(2.8)
Tax, finance costs and depreciation related to joint ventures					–
One-off items					1.4
Operating profit					13.2
Finance income					2.2
Finance costs					(11.7)
Profit before tax					3.7
Income tax credit					1.3
Profit for the period					5.0
Segment assets					
Total segment assets	672.9	248.3	873.6	–	1,794.8
Unallocated corporate assets					5.6
Total assets					1,800.4

Segment information for the six months ended 30 September 2015 is presented below:

	Television £m	Family £m	Film £m	Eliminations £m	Consolidated £m
Segment revenues					
External sales	88.5	31.7	216.9	–	337.1
Inter-segment sales	19.1	1.0	4.7	(24.8)	–
Total segment revenues	107.6	32.7	221.6	(24.8)	337.1
Segment results					
Segment underlying EBITDA	20.2	21.9	12.9	–	55.0
Group costs					(3.0)
Underlying EBITDA					52.0
Amortisation of acquired intangibles					(10.5)
Depreciation and amortisation of software					(2.1)
Share-based payment charge					(1.8)
Tax, finance costs and depreciation related to joint ventures					(2.1)
One-off items					(6.5)
Operating profit					29.0
Finance income					0.4
Finance costs					(11.3)
Profit before tax					18.1
Income tax charge					(3.0)
Profit for the period					15.1
Segment assets					
Total segment assets	466.1	40.6	667.0	–	1,173.7
Unallocated corporate assets					14.7
Total assets					1,188.4

4. One-off items

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

	Six months ended 30 September 2016 £m	Six months ended 30 September 2015 £m
Restructuring costs		
Strategy-related restructuring costs	**5.7**	2.8
Total restructuring costs	**5.7**	2.8
Other items		
Acquisition (gains)/costs	**(9.0)**	3.4
Other items	**1.9**	0.3
Total other items	**(7.1)**	3.7
Total one-off (gains)/costs	**(1.4)**	6.5

Strategy-related restructuring costs incurred during the six months ended 30 September 2016 of £5.7 million relate to the restructuring of the physical distribution business through the partnerships with Fox and Sony.

Acquisition gains of £9.0 million include a £2.1 million credit related to the acquisition accounting for the purchase of the remaining 50% stake in Secret Location and a further credit of £7.1 million resulted from the re-assessment of contingent consideration in relation to prior year acquisitions, together with £0.2 million of costs relating to acquisitions made during the period.

Other corporate project costs of £1.9 million relate to a one-off foreign exchange charge relating to the alignment of the TV business with the Group hedging process.

One-off costs incurred during the six months ended 30 September 2015 included £2.8 million of costs incurred in relation to staff redundancies and the closure of properties as part of the North America restructuring, £1.0 million of acquisition costs previously capitalised on the acquisition of The Mark Gordon Company, £2.4 million of acquisition costs relating to the acquisition of Astley Baker Davies Limited and £0.3 million in respect of other corporate projects.

5. Earnings per share

Basic earnings per share is calculated by dividing earnings for the period attributable to owners of the Company by the weighted average number of shares in issue during the period, excluding own shares held by the Employee Benefit Trust (EBT) which are treated as cancelled.

Adjusted basic earnings per share is calculated by dividing adjusted earnings for the period attributable to owners of the Company by the weighted average number of shares in issue during the period, excluding own shares held by the EBT which are treated as cancelled. Adjusted earnings are the profit or loss for the period attributable to owners of the Company adjusted to exclude amortisation of acquired intangibles; share-based payment charge; tax, finance costs and depreciation related to joint ventures; operating one-off items; finance one-off items; and one-off tax items.

Diluted earnings per share and adjusted diluted earnings per share are calculated after adjusting the weighted average number of shares in issue during the period to assume conversion of all potentially dilutive shares.

The weighted average number of shares used in the earnings per share calculations are set out below:

	Six months ended 30 September 2016 Million	(restated) Six months ended 30 September 2015 Million
Weighted average number of shares for basic earnings per share and adjusted basic earnings per share	**425.6**	333.2
Effect of dilution:		
Employee share awards	**4.6**	4.0
Contingent consideration with option to settle in cash or shares [1]	**0.7**	–
Weighted average number of shares for diluted earnings per share and adjusted diluted earnings per share	**430.9**	337.2

1 The Group has the option to settle the contingent consideration payable in relation to the acquisitions of Renegade 83 and Last Gang Entertainment in shares or in cash.

On 20 October 2015, the Group completed a fully underwritten 4 for 9 renounceable rights issue of 131,476,173 new common shares at 153.0 pence per new common share. The denominators within the prior year calculation of both basic and diluted earnings per share have been adjusted to reflect the bonus factor of 14% of this rights issue to ensure an appropriate comparison.

As noted above, shares held by the EBT, classified as own shares, are excluded from basic earnings per share and adjusted basic earnings per share.

Adjusted earnings per share

The directors believe that the presentation of adjusted earnings per share helps to explain the underlying performance of the Group. A reconciliation of the earnings used in the diluted earnings per share calculation to earnings used in the adjusted diluted earnings per share calculation is set out below:

		Six months ended 30 September 2016		(restated) Six months ended 30 September 2015	
	Note	£m	Pence per share	£m	Pence per share
Profit for the period attributable to the owners of the Company		**0.3**	**0.1**	13.5	4.0
Add back amortisation of acquired intangibles		**20.7**	**4.8**	10.5	3.1
Add back share-based payment charge		**2.8**	**0.6**	1.8	0.5
Deduct one-off tax, finance costs and depreciation related to joint ventures		**–**	**–**	(0.5)	(0.2)
Add back one-off items	4	**(1.4)**	**(0.3)**	6.5	1.9
Add back one-off net finance costs		**(2.0)**	**(0.5)**	0.9	0.3
Deduct net tax effect of above and other one-off tax items		**(6.5)**	**(1.5)**	(5.1)	(1.5)
Deduct non-controlling interests' share of above items		**(2.5)**	**(0.6)**	(0.5)	(0.1)
Adjusted earnings attributable to the owners of the Company		**11.4**	**2.6**	27.1	8.0
Adjusted earnings attributable to non-controlling interests		**7.2**		2.1	
Adjusted profit for the period		**18.6**		29.2	

6. Business combinations

Six months ended 30 September 2016

The following table summarises the fair values, as at the acquisition date, of the assets acquired, the liabilities assumed and the total consideration transferred as part of the acquisitions made during the period ended 30 September 2016. Information provided below is calculated based on upon provisional information and management's best estimate based upon facts and circumstances then existing.

	Secret Location £m	Sierra Affinity £m
Acquired intangibles	3.5	5.7
Investment in productions	0.4	–
Property, plant and equipment	0.2	–
Deferred tax assets	0.3	–
Other non-current accounts receivable	1.1	–
Cash and cash equivalents	–	0.3
Trade and other receivables [1]	2.4	23.0
Trade and other payables	(1.5)	(23.3)
Interest bearing loans and borrowings	(2.4)	–
Deferred tax liabilities	(0.9)	–
Total net assets	3.1	5.7
Satisfied by:		
Cash	–	2.8
Shares in Entertainment One Ltd.	4.1	–
Contingent consideration	–	0.5
Assets forgiven	–	0.1
Total consideration transferred to obtain control	4.1	3.4
Add: Fair value of previously held equity interest	4.1	2.3
Less: Fair value of identifiable net assets of the acquiree	(3.1)	(5.7)
Goodwill	5.1	–

1 The trade and other receivables shown are considered to be their fair value. No amounts recorded are expected to be uncollectable.

Secret Location

On 28 May 2014, the Group acquired 50% of the share capital of Secret Location, a Canadian digital agency, for cash consideration of C$4.5 million. As part of the purchase agreement, put and call options were agreed between the parties after a lock-up period to 2017. On 15 August 2016 the Group entered into an agreement with the other shareholders to waive the lock-up period to enable eOne to exercise its call option. The remaining 50% share capital was purchased for consideration of C$6.9 million.

By virtue of the acquisition, the Group has increased its interest in the company from 50% to 100%. The Group previously accounted for the investment in Secret Location as a joint venture under IFRS 11. Following completion Secret Location has become a subsidiary of the Company and its financial statements have been fully consolidated into the Group's consolidated financial statements.

Key terms

The Group purchased the remaining 50% share in Secret Location for consideration of C$6.9 million (equivalent of £4.1 million), funded through the issue of 1,728,794 common shares in Entertainment One Ltd. settled as at 15 August 2016.

Provisional acquisition accounting

Prior to control being obtained, the investment in the equity interest of Secret Location was accounted for in accordance with IAS 28 *Investments in Associates and Joint Ventures*. eOne held an equity interest previously in Secret Location which qualified as a joint venture under IFRS 11. As part of accounting for the business combination the equity interest is treated as if it were disposed of and re-acquired at fair value on the acquisition date. Accordingly, the 50% equity interest held in Secret Location at book value of £2.0 million was re-measured to its acquisition-date fair value of £4.1 million, resulting in a £2.1 million gain recognised in profit or loss (see Note 4).

The resulting goodwill of £5.1 million represents the value placed on the opportunity to grow the content and formats produced by the company. None of the goodwill is expected to be deductible for income tax purposes.

The acquired Secret Location business has been integrated into the Television CGU.

Sierra Affinity

On 22 December 2015 the Group acquired 51% of the share capital of Sierra Pictures LLC (Sierra Pictures), a leading independent film production and international sales company which aims to consistently deliver high-quality, commercially viable feature films for a global audience. Sierra capitalises on the ever-evolving global film marketplace representing sales of third party films and commercial films designed to appeal to both the North American market as well as top markets internationally.

Sierra Pictures held a 33% interest in Sierra/Affinity LLC (Sierra Affinity), with the remaining 67% held between two other parties. Sierra Affinity is an LA sales company who acts as the exclusive provider of international sales agency and other services for motion pictures produced or financed by any of the members of the LLC.

On 30 September 2016, Sierra Pictures purchased the remaining 67% equity interest in Sierra Affinity for total consideration of £3.4 million.

Key terms

Sierra Pictures purchased the remaining 67% share in Sierra Affinity for total consideration of £3.4 million consisting of cash consideration of US$3.6 million (equivalent of £2.8 million), which was settled in full during October/November 2016, contingent consideration of £0.5 million representing amounts payable dependent on future sales fees generated by the Company on specific titles and £0.1 million of assets forgiven relating to trade receivables due to Sierra Pictures from Sierra Affinity which were forgiven as part of the transaction.

Provisional acquisition accounting

Prior to control being obtained, the investment in the equity interest of Sierra Affinity was accounted for as a joint operation under IFRS 11. As part of accounting for the business combination the equity interest is treated as if it were disposed of and re-acquired at fair value on the acquisition date. Accordingly, it is re-measured to its acquisition-date fair value, with no resulting gain or loss compared to its carrying amount.

The acquired Sierra Affinity business has been integrated into the Film CGU.

Year ended 31 March 2016

The opening balance sheets included within the consolidated financial statements as at 31 March 2016 for the acquisitions of Sierra Pictures LLC and Renegade Entertainment, LLC were based upon provisional information and management's best estimate based upon facts and circumstances then available. The balance sheet as at 31 March 2016 has been restated to reflect adjustments to provisional amounts to reflect new information obtained about facts and circumstances that were in existence at the acquisition date.

The following table summarises the changes made to the fair values of acquired assets and liabilities. Information provided below is calculated based on current information available:

	Previously reported 31 March 2016 £m	Sierra Pictures £m	Renegade 83 £m	Restated 31 March 2016 £m
Goodwill	353.9	(2.8)	8.2	359.3
Acquired intangibles	320.5	6.9	(12.9)	314.5
Investment in productions	133.8	(1.6)	(4.5)	127.7
Trade and other receivables	341.1	-	0.6	341.7
Trade and other payables	(439.1)	-	4.2	(434.9)
Net assets	660.4	2.5	(4.4)	658.5
Non-controlling interests	41.2	2.5	(4.4)	39.3

Sierra Pictures LLC

Update to provisional acquisition accounting

Sierra Pictures' opening balance sheet included within the consolidated financial statements as at 31 March 2016 was based upon provisional information and management's best estimate based upon facts and circumstances available at that date. The balance sheet as at 31 March 2016 has been restated to reflect adjustments to provisional amounts to reflect new information obtained about facts and circumstances that were in existence at the acquisition date.

Acquired intangibles have increased by £6.9 million and goodwill has decreased by £2.8 million from the provisional amounts disclosed within the consolidated financial statements as at 31 March 2016 (restated balances of £15.3 million and £2.7 million respectively) based upon the final purchase price allocation valuation exercise.

Goodwill represents the value placed on the opportunity to grow the content and formats produced by the company. All the goodwill is expected to be tax deductible for income tax purposes.

Investment in productions have decreased by £1.6 million from the provisional amounts disclosed within the consolidated financial statements as at 31 March 2016 (restated balance of £43.3 million) to reflect the fair value of capitalised cost of film production.

Renegade Entertainment, LLC

On 24 March 2016 the Group acquired a 65% controlling stake in Renegade Entertainment, LLC (Renegade 83), a television production company. Based in Los Angeles, Renegade 83 is a fast-growing and successful non-scripted television production company delivering multiple hit shows including *Naked and Afraid*, *Naked and Afraid XL*, *Fit to Fat*, *The 4400*, *The Kennedy Detail* and *Blind Date*.

Update to provisional acquisition accounting

Renegade 83's opening balance sheet included within the consolidated financial statements as at 31 March 2016 was based upon provisional information and management's best estimate based upon facts and circumstances available at that date. The balance sheet as at 31 March 2016 has been restated to reflect adjustments to provisional amounts to reflect new information obtained about facts and circumstances that were in existence at the acquisition date.

Acquired intangibles have decreased by £12.9 million and goodwill has increased by £8.2 million from the provisional amounts disclosed within the consolidated financial statements as at 31 March 2016 (restated balances of £2.7 million and £20.8 million respectively) based upon the final purchase price allocation valuation exercise. All the goodwill is expected to be tax deductible for income tax purposes.

Investment in productions have decreased by £4.5 million, trade and other receivables have increased by £0.6 million and trade and other payables have decreased by £4.2 million from the provisional amounts disclosed within the consolidated financial statements as at 31 March

2016 (restated balances of £9.8 million, £1.4 million and £12.1 million, respectively). These balance sheet movements represent the alignment of Renegade 83's financial statements to the Group's accounting policies.

At 31 March 2016 a liability of £7.4 million was recorded in the consolidated balance sheet representing the contingent consideration expected to be transferred in the future. At 30 September this liability, which had increased to £7.9 million due to changes in foreign exchange rates, was re-assessed and reduced to £0.8 million resulting in a £7.1 million credit to the consolidated profit and loss account.

7. Risks and uncertainties

The Board considers risk assessment, identification of mitigating actions and internal control to be fundamental to achieving the Group's strategic objectives. The Corporate Governance section on pages 46 to 54 of the Annual Report and Accounts for the year ended 31 March 2016 describes the systems and processes through which the directors manage and mitigate risks. The Board recognises that the nature and scope of the risks can change and so reviews the risks faced by the Group, as well as the systems and processes to mitigate them on an ongoing basis. The Board considers the principal risks to achieving its objectives to be:

- Strategy formulation and execution – Creating and executing the best strategy for the Group;
- Recruitment and retention of employees – Finding the best people for the business to deliver its strategy;
- Source and select the right content at the right price – Building a valuable content portfolio;
- Protection of intellectual property rights – Protecting content and brands;
- Regulatory compliance – Operating within the law and seeking to optimise efficiency;
- Information security/data protection – Protecting eOne and stakeholders' data;
- Business continuity planning – Maintaining operations in the event of an incident or crisis; and
- Financial risk – Seeking and maintaining financing to support the delivery of the Group's strategic objectives.

As part of its financial risk management, the Group monitors foreign currency movements. The movement in foreign currency exchange rates during the period has an impact on the reporting of the financial performance of the Group. In particular, the different functional currencies of the Group (US dollars, Canadian dollars, euros, pounds sterling and Australian dollars) result in consolidation translation gains and losses as the Group reports its financial results in pounds sterling. During the six months ended 30 September 2016 a gain of £49.9 million (2015: loss of £14.8 million) has been charged to the currency translation reserve, reflecting the impact of the weaker pounds sterling on translation of the Group's non-sterling net assets. The Group looks to balance local currency borrowings with the net assets of individual operating units to help mitigate the impact of currency movements in relation to the Group's consolidated net assets.

The financial results of individual businesses within the Group are not significantly impacted by foreign currency movements other than in relation to the investment in acquired content rights which is generally transacted in US dollars. The Group reduces its exposure to risk in relation to foreign currency movements in these circumstances through hedging instruments and internal currency offsets where available.

In the view of the Board there is no material change in risk factors since 31 March 2016. Further details of these risks are provided on pages 37 to 39 of the Annual Report and Accounts for the year ended 31 March 2016, a copy of which is available on the Company's website at www.entertainmentone.com.

8. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note.

Canada Pension Plan Investment Board (CPPIB) held 84,597,069 common shares in the Company at 30 September 2016 (31 March 2016: 84,597,069 common shares and 30 September 2015: 52,924,894 common shares), amounting to 19.7% of the issued share capital of the Company. CPPIB are deemed a related party of Entertainment One Ltd. by virtue of their significant shareholding. The Group pays CPPIB an annual fee equivalent to the annual fee paid by the Group to its other non-executive directors in consideration for CPPIB allowing Scott Lawrence to allocate time to his role as a non-executive director of the Company. The fee payable to CPPIB in respect of Scott Lawrence's services for the period ended 30 September 2016 was C$45,000. As at 30 September 2016 C$7,500 was payable (2015: nil).

The nature of related parties disclosed in the consolidated financial statements for the Group as at and for the year ended 31 March 2016 has not changed.

INDEPENDENT REVIEW REPORT TO ENTERTAINMENT ONE LTD.

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2016 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 8. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

DELOITTE LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

21 November 2016