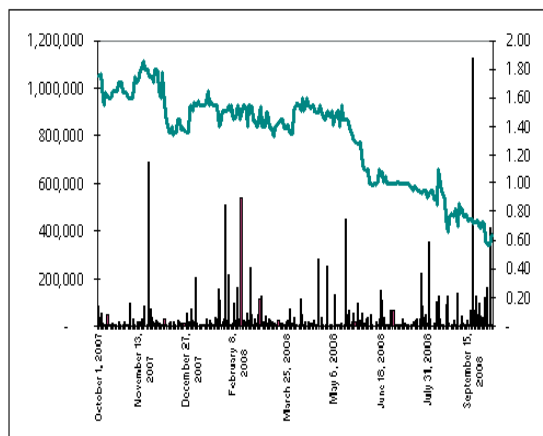


DHX Media

(DHX - \$0.58)
Earnings Update

Deal Price: \$1.59
Outperform



Market Capitalization	\$24.8 million
Outstanding Number of Shares	42.8 million
Options and Warrants (as of Sep 30, 2008)	6.3 million
Estimates (\$ million except per share data)	
Revenues	2009E 65.0
EBITDA	2009E 6.5
EPS	2009E 0.04

DHX Media is one of Canada's leading independent suppliers of television and film productions. The Company produces, distributes and exploits ancillary rights from television and film programming that covers all genres with a significant focus on children, youth and family content.

November 19, 2008

Supergrowth in revenues before the takeover

DHX Media announced its first quarter financials of the fiscal year 2009. The Company's revenues increased by 59%. Gross Margin was slightly lower (30.1%) than 31% of the same period last year. Basic EPS of DHX is \$0.01 which remained same as Q1 2008.

The Company's proprietary revenues for the quarter were up 65% as compared to Q1 2008. This increase includes significant growth from Halifax Film and Decode divisions as well as addition of \$2.29 million revenue from the Studio B division which was acquired in the second quarter of 2008. Number of delivered half-hours of production for which revenue was recognized increased 30% to 79.5 for Q1 2009, up from 61.0 for Q1 2008.

On September 28, 2008, the Company entered into an arrangement agreement where Entertainment One (E1) proposes to acquire DHX Media through a reverse takeover. Deal value is for \$1.59 per DHX share. E1 shareholders will receive one newly issued common share of DHX for each E1 share held. DHX shareholders will be offered the alternative of receiving either 0.9409 newly issued common shares for each existing DHX share held or \$0.3975 in cash and 0.7057 newly issued common shares of DHX for each existing DHX shares held.

As we have stated in our previous News Update, we see this deal as positive from the shareholders perspective, especially considering the market price of the Company.

Since the announced revenues were above our estimates, we have revised our annual revenue estimates slightly upwards. We keep the deal value of \$1.59 as our target price and "Outperform" recommendation unchanged.

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The research analyst has visited the headquarters and operations of the Company.

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