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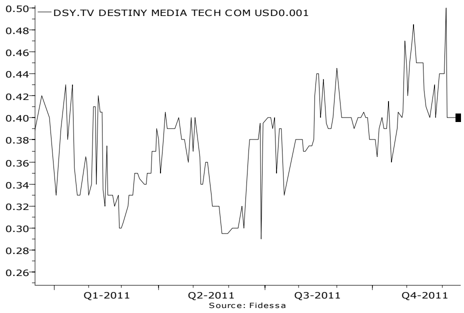
Destiny Media Technologies 40c

Initiation Of Coverage. Major Potential In The Internet Video Marketplace

19 December 2011



12m High: 49c

12m Low: 29c

Market Cap: CAD 22.4m

Shares in Issue: 50.4m

Gearing: Nil ($1.2m net cash)

Interest Cover: n.a. (net interest income)

EPIC Code: TSXV: DSY.V

Sector: Technology

Market: Toronto Venture Exchange (Subsidiary quotes on Frankfurt, Stuttgart and US OTCQX)

Broker/Financial Adviser: None

Website: www.dsny.com

Description: Destiny Media's software, MPE®, enables record companies to download music securely to radio stations and music journalists worldwide. It is market leader in this field. Destiny Media also owns patented proprietary video streaming technology that is currently largely unexploited.

Analyst: Yingheng Chen/Roger Hardman

Technology Research: Zoe Hawkins

Tel: +44 (0)20 7929 3399

Email: research@hardmanandco.com

Destiny listed on the Toronto Venture Exchange in October 2010; its business focus is the technology enabling the convergence of communications and entertainment media. Investors will need to have time to get to know this internet technologies developer and to understand the market opportunities which its product portfolio addresses.

Revenues today are dominated by per send payments over Destiny's Play MPE secure digital transmission system for music & video. The technology has a strong, perhaps dominant, market position and revenue growth looks assured as it is rolled out into global markets from its North American base. With over 1,000 music labels using the system including Universal, EMI, Sony and Warner, the system is becoming the industry standard.

By 2016 revenue growth from Destiny's other technologies, in particular the re-engineered Clipstream, should account for the major part of the business, and they should be growing rapidly. A portfolio of potentially valuable and patented technologies enabling the distribution of radio and television programming over the internet to a variety of receiving devices addresses a total economy of some $110bn. From a revenue base today of $4m we think it is possible for the company to achieve $15 - 20m of revenue for 2016. Ultimately there is scope for $100m+ if, and it is a big "if", Clipstream becomes the transmission vehicle of choice in the rapidly growing video internet environment.

The importance of the company is not in its current sales revenue or earnings stream – although there is comfort in having a technology company that has an established user base and is cash flow positive. Its importance is in what just might happen if management is able to grasp all the opportunities that are available in this area, and has some luck and supportive shareholders on its side. Destiny's fans look at what was achieved by Adobe, YouTube and December's hot Wall Street IPO Zynga, in a very short time from a very small base.

The challenge for Destiny's management is to capture the value of these technologies by commercialising them through revenue generation, licensing income or trade sale. Whatever the outcome, it will be an interesting ride.

Y/E	Group Sales	Declared PBT	Adjusted PBT	Adjusted EPS	P/E ratio	Dividend	Yield
August	$m	$m	$m	c.	x	p	%
2009A	2.6	0.2	0.2	1.2	33.3	-	-
2010A	3.8	0.8	0.8	3.2	12.5	-	-
2011A	4.0	0.8	0.5	0.7	57.1	-	-
2012E	4.5	1.0	1.0	1.6	25.0	-	-
2013E	5.8	1.3	1.3	2.0	20.0	-	-
2014E	7.8	2.0	2.0	3.0	13.3	-	-

Source: Company & Hardman & Co

Executive Summary

Destiny Media is not an easy company to assess; the sales history has been dominated by the digital music & video distribution system Play MPE®. It accounted for more than 95% of revenues in the year to end August 2011 and will likely still underpin approximately the same level in the year to 31 August 2012. Since 2008 Play MPE® revenue growth has been robust and further strong demand seems likely as the technology is adopted more widely in the markets outside North America. The total market that Play MPE® addresses is variously valued between $350m globally and $70m; the range difference is explained by the fact that physical distribution represents the larger figure and digital distribution using technology like Play MPE®, represents the smaller number. The market opportunity addressed by Destiny is vastly bigger than the Play MPE® market however. Readers should note that CEO Steve Vestergaard has been addressing Internet market technology opportunities since 1995 and today Destiny has a potentially valuable portfolio of technology platforms for the digital distribution of and access to, music and video with application for a wide range of commercial sectors including entertainment, marketing, broadcasting and security. These new technology offerings provide the scope for Destiny to grow revenues and earnings at a possibly exciting rate over the next 3-5 years. From less than $4m of revenues in the 2010 year, it may be possible for Destiny to drive sales towards $15m by end August 2016 – fueled by demand for its new product offerings which by that year might represent 43% of total revenues; Play MPE® is expected to grow too. Readers will appreciate that this is not by any means a given; technology enterprises are difficult to model as new concepts can encounter customer inertia, they can be out competed by better or cheaper or more standardized products, the developers may not have the marketing $ to grow the market or take share from existing solutions. What we have sought to do is to give the reader a sense of the opportunity for this company and its technologies.

Play MPE revenues central to current model

Destiny's new technology portfolio addresses a market of some $110bn

Revenue growth to $15m by 2016

The Company's properties include several patents either granted or pending, including "Digital Media Distribution Method and System" (granted, US) and "Methods for Watermarking Media Data" (pending Japan, Europe, Canada, US), both of which pertain to the Play MPE® system. Destiny also filed a provisional patent application on August 17th of this year for a new invention that renders video to web browsers on all computers and devices, including mobile, without requiring advance support or permission from that device or manufacturer. It owns registered trademarks for Clipsteam® and Play MPE®. The Company has also acquired a large number of internet domain names, including many valuable four letter options and URLs featuring common words.

Potentially valuable patented technologies

Readers wishing to get a sense of the opportunities open to Destiny and its technology portfolio should review the data in the next page. The segments described represent a total economy in excess of $110bn annually. How much of this Destiny and its technologies can capture is the challenge for management. Having developed an array of technologies which deftly address many of the needs of the digital information and communication platforms we all use, Destiny must now commercialize these assets or crystallize value in them via trade sales or licensing deals. The company's valuation will ultimately be driven by earnings growth and potentially by transactions to give access to the company's technology assets.

The challenge for management

Scope for significant value creation

Offering	Target Markets
Digital watermarking patent	• Addresses a piracy problem worth between $6 billion and $20 billion annually in the US
Clipstream® video patent	• Online display advertising, including banners and video: total worth, $10 billion globally • Mobile video: currently worth $548 billion, expected to grow to $1.3 billion over the next 3 years
IPTV/Clipstream®	• Video surveillance industry: total worth, over $11.5 billion • Global IPTV market, worth expected to grow to $79 billion by 2015
Cloud/Clipstream®	• New and expanding market; currently generating commercial revenues in excess of $1bn
Internet Radio/Clipstream®	• Marketable to 10s of 1000s of radio stations globally at a rate of $400 a month. • Internet radio service Pandora has revenues of $138 million annually

Source: Hardman & Co

Countering piracy in entertainment media

Online advertising

Mobile Video

Security sector

Internet television

Cloud services

Internet radio has application to operators around the globe

Company History

Destiny Media Technologies, Inc. was founded in 1991 by Steve Vestergaard as a video game developer. However, despite releasing a dozen games to large publishers, the Company turned its attentions to internet technologies by 1995, developing some of the earliest software for streaming video and audio online. In 1999, Destiny went public and purchased WonderFall Productions Inc., another computer game development company, bringing its president and founder, Edward Kolic, into Destiny as a director. In 2002 Destiny announced its first profitable quarter and launched its retail packaged internet radio service, Pirate Radio. In October 2003, the Company launched its Play MPE® secure music distribution service for the recording industry and, over the following four years, built relationships within the music industry, culminating in major distribution deals in 2007.

A 15 year focus on internet technologies

Play MPE® introduced 2003

Key products

Play MPE® - Secure Digital Delivery for Media

Play MPE® is a digital delivery service for securely moving broadcast quality audio, video, images, promotional information and other digital content through the internet. The system is currently marketed to, and in heavy use by, the recording industry for transferring pre-release broadcast quality music, radio shows, and music videos to trusted recipients, including radio stations, media reviewers, DJs, film and TV personnel, sports stadia and retailers. The system operates as an invitation-only network of trust-tiered recipients which is constantly managed and updated by Play MPE® staff, and to which record labels and artists can upload new releases. The system provides a cheaper, faster, greener and more secure alternative to physical distribution through mail-outs or couriers.

A secure digital distribution platform for the global music & video sector

Multiple benefits

Use of the Play MPE® system is currently charged on a per-send basis for customers, as traditional mail-out would be, and, also like physical delivery, is free for recipients. Larger customers, such as the major record labels may enter into a contract with Destiny allowing them to add costs to an account which can be settled at the end of a

Charged per send

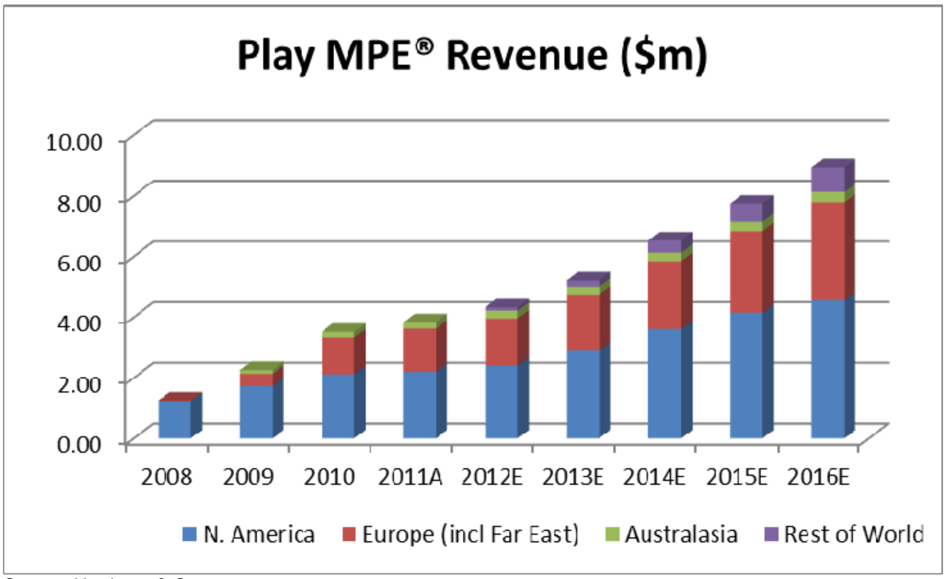
set period, whilst small independent record labels or artists have access to the pay-per-send My Play MPE® system. Larger accounts typically include minimum use thresholds, but may enjoy free send-outs to some recipients, e.g. VIPs. Over 1,000 record labels, including the four largest (Universal Music Group, Warner Music Group, EMI and Sony) are already using Play MPE®.

Over 1,000 labels use Play MPE®

Destiny manages its own server infrastructure and has racks of server and storage hardware at four physical locations (three in Vancouver, Canada, and one in London, England).

Proprietary server infrastructure

Big Music uses Play MPE®



Source: Hardman & Co

New market subscriber growth holds the key to the possibility of doubling revenues by 2016

Industry Space and Market Penetration

Substantial cost savings

Satisfying demand for instantaneous delivery of service

Play MPE® in step with music sector's 'cultural' evolution

Play MPE® is in the fortunate position of offering financial incentives for usage, whilst also matching well with the changing needs and ethos of the industry to which it caters. Digital distribution is estimated to produce cost savings of around 80% compared with physical delivery. The music industry has for some time been subject to criticism for environmental carelessness, and has been seeking easy and cost-effective ways to 'green' itself; since digital delivery more or less eliminates the waste associated with packaging and CD production, it offers just that. And, in an era when the 24 hour immediacy of the internet means that pop culture of all kinds moves and evolves faster than ever, the instantaneous delivery of pre-release music and video via the Play MPE® network helps record labels and radio stations alike to keep up with trends. Furthermore, the flexibility of the Play MPE® system, which can be used by major labels, smaller record outfits and independent artists alike means that Destiny is well-placed to tolerate or profit from broad changes in music industry culture, such as the current drift toward self-promotion amongst new artists. This may also benefit Destiny when it rolls out the Play MPE® network in countries such as India, which have proved relatively resistant to domination by the large record labels because of the enduring popularity of, for instance, movie music.

To date, Play MPE®'s market penetration and recognition appears good. All four major record labels are now using Play MPE® to distribute pre-release material to radio in at least some territories, and the product has also seen good uptake by independent labels. Warner and UMG have both issued press releases stating that they plan to implement their use of the Play MPE® deliver system globally. The technology, and its supporting network, now enjoys a presence in all continents other than Antarctica, and is currently being rolled out to 77 countries globally. During 2010 Destiny expanded the Play MPE® network through development of relationships on the recipient side, and renewed agreements with three of the four major record labels. No contract currently exists with Sony, but Sony's subsidiary labels in the US regularly use the system. Roll-out is well underway in Europe, where revenue grew in 2010 by 188%, and particularly the UK, where BBC radio has integrated Play MPE® with its own internal system. 2010 further saw tests in Asia, South America and Africa, which should bear fruit in coming years. The Play MPE® network now has some 53,515 registered users and over half a million tracks currently on the system. Globally, it has been used for over 700 releases in the last 7 days alone (as of 3rd October, 2011), and in the US 90% of songs are distributed, at least in part, via the MPE® system. In the US, the Play MPE® network is already recognized by industry bloggers as playing a key behind-the-scenes role in bringing new music to market.

Big 4 labels use Play MPE®

Europe is adopting Play MPE®

Play MPE® dominates North American music sector

Competition

In terms of global market share, the biggest competitor to Destiny's Play MPE® remains physical mail-out. Although the US market has moved strongly toward to digital delivery (only 10% of music in the US is now distributed solely by CD), most newer territories are still dominated by traditional send-out methods. Destiny's experiences in Canada and the US suggest that initial concerns about the credibility of digitally distributed music tend to be the primary barrier to up-take, but that once a critical mass of usage has been achieved transition is typically swift. Given the considerable cost benefits of switching to Play MPE® and the extent of Destiny's efforts to establish recipient support in new markets, it seems unlikely that adherence to physical sending will present a long-term barrier to Play MPE®'s growth.

Legacy distribution model still dominates the sector providing growth potential

Play MPE® is also challenged, even in the US, by send-out via links to unsecured WAV or MP3 files. Though record companies are unlikely to compromise on security by doing this, promoters in particular may sometimes be more concerned about achieving high-volume distribution than protecting copyright. This problem is likely to be ongoing and may prove intransigent, but since Destiny's major clients, the record labels, have strong incentives to keep send-outs secure, Play MPE®'s core market is protected.

Security of commercial property is a key sector concern

Destiny is strongly positioned in that it has been one of the first entrants into the digital media delivery market, and as such has few direct competitors and currently appears to have superior technology to those that do exist:

Play MPE® has strong competitive position

- **New Music Server (NMS)**, a private company based in Houston, Texas, offers a web-portal allowing users to post or access content including audio, video and images, and claims to be 'Radio's #1 site for new music with over 10,000 radio programmers and industry professionals'. NMS operates a different business model to Destiny's Play MPE®, with customers charged a flat rate for a minimum number of recipients, and recipients subject to a maximum number of downloads daily. Although radio credentials are required to obtain a place on NMS's recipient list, files posted are not watermark protected, and so are likely to be less secure than those distributed via Play MPE®. NMS does not currently have any contracts with major labels.

NMS - a different business model

- Fellow Canadian firm, **Yangaroo**, is a regional competitor in the digital distribution space with its Digital Music Distribution System (DMDS). Yangaroo has the largest market share within Canada. It has claimed a significant market presence outside Canada, but we are uncertain as to just how many of

Yangaroo and Destiny settle patent dispute

those customers are active. Yangaroo's technological selling point lies in its proprietary biometric keyboard cadence recognition technology, tying sends to individuals and allowing them to access files from any computer.

Yangaroo and Destiny resolved all litigation between the two parties in 2011. As part of the confidential agreement the parties agreed that all allegations of infringement and invalidity on any existing or pending Yangaroo patents would immediiately cease. As a result, Destiny dropped the Canadian patent invalidity proceedings and its defamation action against Yangaroo and certain of its officers. Yangaroo dropped its counterclaim for patent infringement in Canada and dropped its defamation counterclaim against Destiny and its CEO.

This leaves Play MPE® in a strong position to capitalise on those areas in which Yangaroo has traditionally concentrated. Yangaroo's own stock market quote of 2.5c, down from its 52-week high of 18.5c, its market cap is now CAD$3.3m, and the presence of $4.5m of debenture loans bearing interest of up to 18%, tell their own story. Yangaroo's sales for the first three quarters of 2011 were $1.0m and the company was loss-making.

- New Zealand-based private company **Serato,** which specializes in developing software for club DJs, and has achieved dominance in the US market for DJ software by partnering with popular manufacturers of DJing hardware, launched Whitelabel, a secure digital distribution network aimed exclusively at DJs as recipients, in 2008. This may prove to be an obstacle for Play MPE® in establishing a footing in the club scene, an important market for breaking new music; Whitelabel has the benefit of being designed specifically for DJs, and to work with Serato's industry-dominant software. However, whilst Whitelabel is especially popular within the relatively low value urban market, it has less traction amongst the more remunerative genres.
- **IMD Fastrax** is a British competitor, with operations currently restricted to its home territory. Fastrax has the benefit of following on from parent company IMD's earlier operations (since 1997) as a digital advertising distributor to most UK radio stations. Fastrax has systems in place to deliver broadcast quality music videos to TV stations, including the MTV Network, Box TV Ltd, Chart Show channels, APTN, GMTV, ITV London, Mushroom, Reuters and others.
- Other competition outside the US has been small and regional, and has often taken the form of a minor operation set up by a larger parent company. As such, Destiny's technologies have been superior, and their expertise in the space more highly developed, than their rivals', allowing speedy market capture. In Australia and Japan this has led to Destiny's forming partner or reseller relationships with potential rival firms, allowing them easier access to new markets with relatively minimal loss of revenue.

Partner & reseller relationships with potential competitors

Competitive Advantage

Two pronged market strategy

The Play MPE® system should be protected from competition both by advantages integral to the technology, and also by Destiny's two-pronged strategy for domination of the market, on the one hand forging relationships with providers of connected services, and on the other positioning itself as an indispensable agent between customer and recipient. The Play MPE® network allows greater flexibility in terms of security - customers may choose whether a recipient can download a delivery and make copies of it or, alternatively, restrict them merely to streaming the media - and its use of variable bitrate compression in streaming and downloading means that both processes are faster and use bandwidth more efficiently. Whilst Play MPE®'s competitors offer customers weekly or daily reports on play and airplay by recipients, only Play MPE® is able to do so in real time.

Flexibility

Fast & efficient

Key alliances

Destiny has also brokered two important alliances for the Play MPE® network. Its exclusive integration with RCS Sound Software. RCS is a subsidiary of Clear Channel. It is the world's leading radio scheduling software provider enables significantly greater export of detail into ratio automation system software, offering greater ease of use and more accessible information for radio personnel. Destiny's patent pending watermark technology, which is considered state of the art, has recently been integrated with the International Federation of the Phonographic Industry's (IFPI) internet web crawler, meaning that media pirated from Destiny's send-outs will be swiftly discovered and traced easily back to the culprit. Destiny's is the only digital watermark to boast this advantage, and the Company could in future realize profits from the Watermark patent independently of Play MPE® by licensing it out (see below).

Licensing opportunities

The greatest protection that Destiny believes it has against future competition is its swiftly growing network, comprised of long-term deals with customers and carefully managed recipient lists. The Company believes that it will be able to guard against future entrants into the market by establishing a strong, industry-wide network from which no individual customer or recipient would be able to extract itself without becoming 'out of the loop'. In particular, by managing the recipient lists for most customers, Destiny is gathering important industry data and developing relationships with recipients which give the Play MPE® network a value greater than the sum of its technological parts. Destiny has big plans in this regard; having initially created software designed to provide ease of use for radio personnel, the Company is now producing a new version targeted toward journalists. In future, Destiny also intends to pursue the club DJ recipient sector, which has the potential to add thousands of new names to recipient lists.

A rapidly growing footprint

Locked in

Network has intrinsic value

Overall, short to medium term prospects for Play MPE® look robust. Its technological advantages are considerable, and Destiny's management has acted cannily in pursuing new markets aggressively, whilst fortifying its position in established markets by offering a service on which many recipients and customers will find it very easy to become dependent. Growth in revenues should continue to be strong as the system is rolled out to new territories, after which price adjustments and charges for currently free services (e.g. list management, airplay reporting) could be progressively introduced to keep profits healthy. Costs are fairly predictable, and Destiny expects that these will rise only in proportion to profits.

A habit forming service platform

Revenue Opportunities

Destiny estimates that the global market for physical send-out is worth $350 million, and, based on this, that the potential value of the secure digital send market (quite apart from value added extras) is around $70 million, of which just $15 million is currently realized, offering significant potential for growth within the core market. There are two main opportunities for further market capture; first, in making recipient lists in territories already using the system more comprehensive. Although 90% of music releases in the US now go through the Play MPE® network, they are also distributed physically to recipients who are either not covered by the network or are unwilling to use it. Journalists and DJs are, in many cases, still receiving songs largely by physical mail-out or unsecured distribution, and thus represent a significant opportunity for increased revenue. Secondly, in exporting the technology to new territories, Destiny is already pursuing this strategy aggressively, and the next year or so should see results. Revenues will increase as the Japanese and German operations reach maturity, and Destiny continues to cultivate new markets. This should progress smoothly; management has shown impressive flexibility in approaching each region, tailoring its staff (for instance by ensuring that French-Canadians headed up the task force in France) and business model to suit each market.

$350m market opportunity

Digital market estimated at $70m

New revenues expected from Japan & Germany

Opportunities for further monetizing the technology also exists in optional add-ons to the existing service. Currently free extras, such as real-time reporting on air-play, could in future be charged for, and Destiny has plans to offer a 'consumer taster service'. This would offer record labels and artists the opportunity to, for instance, send out pre-release music via email to subscriber lists of consumers who would then be able to listen to the streamed file for a set time period after which it would disappear. Pricing for these innovative extras has yet to be set, but the latter in particular could prove valuable in terms of winning back some market share from promoters using unsecured send-out.

Chargeable 'bells & whistles'

A further opportunity for revenue exists in ***Destiny's patented Digital Watermark technology***, which the Company expects to license out. The product has the potential

A commercial opportunity

to be an important component of a strategy to staunch the flow of money lost to the music industry through illegal downloads. Thus far, it has only been used in transactions within the industry, but it could be used to watermark music sold via services such as iTunes. In theory, all music bought online could be individually tagged to the consumer, so that file sharing on peer-to-peer networks or via torrent sites, a practice that the Recording Industry Association of America (RIAA) believes is behind a 47% drop in music sales in the decade following 1999, could be more easily tracked and curbed. Industry sources vary in their estimates, but it is thought that US consumers alone may be downloading between $6 billion and $20 billion worth of digitally pirated music.

addressing illegal music downloads

47% hit to music sales

Both the RIAA and the Institute for Policy Innovation (IPI) in the US view distribution of pirated music via the internet as a major part of the $12.5 billion (IPI estimate) lost to the US economy annually through piracy of sound recordings. IPI has further calculated that this results in a loss of some $422 million in US tax revenues, and recommends that curbing the practice should be prioritized on the policy agenda in the near future. Doing so has thus far proved tricky. Between 1999 and 2009 the RIAA brought tens of thousands of law suits against individuals in the US for illegal downloading; however, whilst the program enjoyed some success, the organization was heavily criticized for using flawed investigative methods, and was eventually threatened with a class action. Given the urgency with which IPI has treated the problem, and the fact that the watermarking technology would facilitate a far more precise identification of culprits, Destiny may be in the right place at the right time to offer a solution worth potentially billions of dollars to the recording industry.

$12.5bn annual economic loss

An opportunity for Destiny

Play MPE Revenue History and One Possible Scenario

Play MPE	2008	2009	2010	2011A	2012E	2013E	2014E	2015E	2016E
N. America	1.23	1.72	2.12	2.20	2.40	2.88	3.60	4.14	4.55
Europe (incl Far East)	0.02	0.42	1.20	1.42	1.56	1.87	2.24	2.69	3.23
Australasia	-	0.12	0.19	0.21	0.26	0.26	0.28	0.31	0.34
Rest of World	-	-	-	-	0.10	0.20	0.40	0.60	0.80
Total Revenue	***1.25***	***2.26***	***3.51***	***3.83***	***4.22***	***5.01***	***6.13***	***7.14***	***8.13***
		80.6%	55.5%	9.1%	10.0%	18.8%	22.4%	16.6%	13.8%

Source: Company data, Hardman & Co estimates

Assumes annual issuance of 350-400 music albums

Potential of new markets

Clipstream® - Playerless Streaming for Audio and Video

Clipstream® is a technology which streams audio and video without the need for a supporting player (e.g. Windows Media Player etc.). It currently functions within the Java 'sandbox', and is therefore safer to use than some more invasive player technologies, which can be misused to transmit malware or 'take control' of the participating machine. This also means it is more efficient in its use of band width thereby improving download speeds by up to four times, or, with a variable bitrate compressed version, up to fifteen times regular download speed. Clipstream® is compatible with any Java enabled device (i.e. most modern computers) and does not require downloads or updates of any other player software, making it easier and faster to use. It also offers greater security to the distributor of the media and, as such, it has been a valuable asset in Destiny's roll-out of the Play MPE® product.

Speed advantage

Compatible with any Java enabled device

Over the past five years, Destiny's focus has been largely on developing the Play MPE® service, meaning that those ventures in which Clipstream® has been the central product have shrunk. Nevertheless, Clipstream® has continued to generate revenue through Destiny's Clipstream® Powered Survey Clip, a service which has been popular with market research companies. Clipstream® has also powered Destiny's self-serve internet radio offering, Pirate Radio.

ClipStream® has not been core focus

Market research sector uses Clipstream®

Until recently, Clipstream®'s Java base has meant that it is not compatible with some new mobile devices, such as the iPhone and iPad. However, a new "second generation" product submitted for patent approval in August, will enable it to stream media on almost all devices, including iPhones and iPads, without recourse to an

HTML5 upgrade makes Clipstream® available to all device platforms installed player and without the device manufacturer's permission. As such, the new version will shortly power a range of new products, as well as offering a major licensing opportunity in itself.

We find this emphasis on mobiles particularly timely as Adobe laid off 800 employees recently and has apparently made a decision to no longer support Flash on mobile. This presents an opportunity that Clipstream may or may not be able to grasp, and the new product should hopefully be available sometime in Q3. We wait with interest to see what trade alliances Destiny Media can sign in the meantime.

New Clipstream® Products and Opportunities

4 big new opportunities for Clipstream platform

These include: licensing out the new Clipstream® product as a streaming solution; an online hosting and content management (Cloud) service; an IPTV (Internet Protocol TV) software alternative to gadgets such as the Slingbox, which would allow users to access the television provided by their TV subscription service from their computers or mobile devices; and, a new internet radio offering.

HTML5 Clipsteam®

Legacy Clipstream lost out to Adobe

The market for online streaming is significant, established and likely to continue to grow, especially as more and more media companies and advertisers turn their attention to the internet. The difficulties Destiny may face in this space, and the risks investors should consider, will be posed by product offerings from more established and better funded competitors. Clipstream® in its legacy version was, after an early period of dominance, muscled out of the mainstream market by Adobe's Flash player. In theory, the same could happen again.

Current Clipstream is powerful & versatile

Websites will be increasingly device tolerant

Foremost in Destiny's favour this time round is the apparent superiority of the new Clipstream® technology, which is now more powerful and versatile. The updated version, once embedded in a website, will be able to play audio and video content instantly on almost all devices, including mobile Apple products such as the iPhone and iPad, without the help of players installed on the participating computer, and without the manufacturer's permission. The benefits of this are considerable; advertisers or internet TV providers (for instance) could be confident that their content would be easily accessible to all visitors to the host websites, rather than only those who had downloaded and installed the most recent versions of relevant player software. Recipients of that content would also benefit, experiencing smoother play because of Clipstream®'s lower bandwidth usage without having to waste time or hard drive space updating player software.

Applying the lessons learned with Play MPE®

Investors may also be encouraged by the strategy employed by Destiny's management in marketing Play MPE®, a process which has led, relatively quickly, to industry domination in target territories. The strategic marketing experience Destiny has built up developing the Play MPE® venture, may be brought to bear very successfully on Clipstream®'s re-launch However, it is worth considering that the markets for these two products are very different:

Clipstream® addresses a large, diverse market

Must sell on technical merit

Big competitive arena

- First, the market for Play MPE® is clearly definable and dominated by a small number of very large customers; Clipstream®'s potential customer base is larger but more diverse, including ISPs, hosting companies and advertising agencies.
- Secondly, the major competitor for market share (i.e. physical delivery) stood at a very clear price disadvantage to Play MPE®'s digital delivery service, giving customers a very powerful incentive to embrace the new technology. The same cannot be said for the new Clipstream® offering, in spite of its impressive technology.
- Thirdly, whilst Play MPE® faced only small, start-up competitors in the secure digital delivery space, Clipstream® will be challenged by products with the backing of major companies with the budget to undercut usage prices, even to the point of sustaining losses. Although Flash generated only around 7% of

Adobe's total revenue in 2009, it is commonly seen in the industry as a 'gateway drug' for other Adobe products. Adobe will likely be prepared to protect its business aggressively to keep HTML5, the competing platform which gives Clipstream® its advantage, from capturing market share. Destiny will also find itself at a disadvantage in that the Flash Player plug-in is already so dominant, powering an estimated 75% of videos watched online.

Adobe will seek to protect its market position

Even so, the new technology Destiny has on offer may well be of sufficient quality either to capture significant market share in spite of its size and funding disadvantages, or to prompt a buy-up or licensing offer for Clipstream® by Adobe or similar. There is no doubt that Apple's recent rejection of Flash for its mobile devices, as well as its, and Google's adoption of HTML5, means that the new HTML5 Clipstream® is well-placed for a strong entry into a newly open market. However, if a company such as Adobe, Google, or even Apple itself should produce a comparable or nearly comparable alternative, Destiny may yet struggle. YouTube has already launched an experimental HTML5 version of its site using HTML5 Video, which also requires no third party player plug-in, but only a browser supporting H.264 or WebM formats.

Clipstream® has the potential to be disruptive and this increases its value

It is unlikely that there will be any major costs associated with the new Clipstream® product. The team associated with Clipstream® is expected to expand only at the same rate as profits, and so are R&D and hardware investments. On the one hand, Clipstream® should pose no threat to the health of the business; on the other hand, it presents a potentially exciting opportunity to increase market penetration and revenues.

Downside very limited while upside potential is significant

Revenue Opportunities

We have estimated that Flash may represent only some 7% of Adobe's total revenues, but industry sources estimate that this could be as much as $240 million annually. Flash has far wider-ranging applications than Clipstream®, which is only directly comparable with its Flash Player component, so drawing conclusions about the revenue potential of the product is difficult. However, the market it enters is a large and expanding one. Clipstream® is expected to be of particular interest to advertisers using video and banner ads, a sector with revenues estimated by the Internet Advertising Bureau (IAB) to have been over $4.1 billion in the first half of 2010, growing to around $5 billion over the same period in 2011. Digital video advertising, according to the IAB is growing especially fast - up by 42.1% over those periods. According to eMarketer, revenue from mobile video, another of Clipstream®'s natural targets, is already estimated to be $548 million (including subscription based services, pay-per-view downloading and ad-supported video play), and is expected to grow to $1.3 billion in the next 3 years.

Clipstream has relevance for the $4.1bn pa online advertising sector

Taking a broader view, the rapid growth of online video viewing has created some problems for ISPs; it is thought that online video could represent up to 90% of all consumer traffic by the middle of this decade. For ISPs and telcos, this has meant a demand for ever-improving infrastructure, but with restrictions in terms of customer choice and competition on monetization through subscription upgrades, Clipstream®'s radically lower bandwidth usage and automatic caching may help ISPs to deliver better quality video whilst reducing stress to their own infrastructure. How much of this opportunity Clipstream® will be able to realize remains to be seen, but there is unquestionably space for a product of this kind to do well.

Online video dominates consumer internet traffic

Value for ISPs' service offering

The Destiny Cloud - powered by Clipstream®

Destiny is optimistic about the opportunities for its Cloud offering, which it sees as a potentially major new product, and certainly the space looks as though it is about to become very exciting with Apple recently launching its Cloud hosting service as part of its iOS package. Destiny's offering will be less consumer facing and more business oriented than these options, so comparisons are unlikely to be helpful, but it may be worth considering that, whilst Destiny will charge for its more sophisticated, media-heavy Apple's basic package comes free with iOS 5. However, Destiny would not be alone in charging; Box.net, a Cloud service which has been in operation since 2005 and already boasts several major business clients, including Dell, Skype, T Mobile, MTV and Pandora (see below), charges $15 per user per month for its standard

Cloud services are a source of 'tech sector' excitement

business package, and a negotiable fee for its richer service 'Enterprise' package. Another competitor, Dropbox, operates a similarly tiered charging system, starting with free packages and rising to $9.99, $19.99 and negotiable fees for increased storage and services.

Revenue Opportunities

Given the immaturity of this market, and the number of small companies, or small ventures based at larger companies that have already entered the space, it would be rash to make predictions about the likely contribution of this part of the Destiny business to future revenues. On the other hand, Destiny has shown that it is more than capable of taking the initiative in these circumstances, and one of its strengths has been a readiness to reach out to businesses by offering training & product tailoring. Proactive provision of just such services may give the Cloud offering a head start and Destiny may well be able to gain traction by leveraging off its Play MPE® client base.

Potential to leverage off Play MPE® customer base

Competitor Box.net also offers a worthwhile comparison, and has enjoyed a swift expansion, achieving recognition as the #2 Fastest Growing Private Company in Silicon Valley by the Silicon Valley/San Jose Business Journal. Box.net has proved popular with investors, raising some $48 million in a fundraising round earlier this year. In 2010 the company had a market value of $5 million, but no IPO is expected until next year at the earliest. Dropbox, which has also proved popular amongst businesses, is newer even than Box.net, having been founded only 4 years ago in 2007. With over 25 million users, including subsidiaries of Sony, Ericsson, Dropbox is thought to be worth over $1 billion. Industry sources estimate that its profits will reach $100 million this year. Destiny's Cloud is a more specialized service than either of these, with less relevance to consumers, so its prospects are slightly different. However, the success of these companies, and particularly Dropbox, indicates a strong and growing marketplace for Cloud services and Destiny's Cloud, with its emphasis on rich media hosting and management may well be able to carve out a profitable niche within it.

$48m fund raise for Destiny Cloud competitor

Media hosting & management function

IPTV - Powered by Clipstream®

The IPTV offering remains in its infancy, and, whilst there is a significant opportunity for it to carve out a major space amidst the likely overhaul of TV culture over the next decade, it is too early to predict how customers will respond to new ways of watching programs, or businesses to new methods of distributing them. Because it is a software rather than a hardware-based product, which would likely to licensed out to hardware manufacturers, costs and risk should be low, and margins high, but its appeal remains to be seen. Destiny believes the product would have broad application, and could be licensed to manufacturers of internet enabled TVs, IP security cameras and computers.

Global TV culture is in evolutionary upheaval

A licensing opportunity for Destiny

Currently the closest competitor or comparison is still in hardware form, namely the SlingBox from Sling Media, a subsidiary of Echo Star Corporation. Sling Media's products, designed to enable consumers to access their television services remotely, are currently distributed to 5,000 retail stores in 20 countries, and to several television service providers in North America, Europe and Asia. When Echo Star acquired Sling Media in 2007, it was prepared to pay $380 million for it. Though the business models of Sling Media and the Destiny IPTV operation are very different (Destiny's is business-facing rather than retail), this kind of price tag on a broadly comparable operation suggests that Destiny's IPTV has significant value. The newness of the market, and the unpredictability of the space should renders calculation of value difficult but readers should note that the global IPTV market is expected to grow to around $79 billion by 2015. With manufacturers keen to cash in on the trend to internet available television services, Destiny's offering may be a means of gaining stand-out for their products.

Destiny's main competitor is Sling Media

Sling Media acquired for $380m

$79bn market opportunity

It is also worth considering that Destiny expects its product to be well-received by the video surveillance market, an industry that was already worth $11.5 billion in 2008 and is expected to grow to some $38 billion by the end of 2015, with much of this growth driven by software (such as Destiny's) which would increase the intelligence and utility of video surveillance systems. Destiny's IPTV software would allow CCTV camera owners to stream the images from their cameras to internet enabled devices, including portable computers or phones.

Video surveillance market represents another high growth opportunity

Internet Radio - Powered by Clipstream®

Destiny's new internet radio service, which joins the self-serve Pirate Radio offering, will allow existing radio stations to install a program that will then permit their content to be broadcast over the internet using the powerful servers Destiny already owns for use by Play MPE®. Users listening to the radio via the websites would receive the stream in the player-less Clipstream® format. Destiny would thus effectively be hosting and powering the internet broadcast of participating radio stations, but, since only existing servers would be used, the costs for Destiny would be minimal.

Exploiting the proprietary server infrastructure

Host & powering internet radio

Radio stations would benefit through reduced cost as Destiny would charge monthly for the service, but less than the station would have had to have paid for the media consultants and hardware purchase and upkeep required to host the internet station themselves. Listeners would experience better quality of streaming, compared with the poor signal quality often available. Destiny mean while, would have two further potential revenue streams from this service, besides the monthly charge. First, the Company would be able to automate reporting of which songs were played on air by participating stations, providing further value for record labels. Secondly, Destiny would offer an archiving service, similar to its Cloud offering, to participating stations, providing greater ease of access to played programs for the station and its listeners.

Monthly service charges

Value added services

It is important to note that in North America, internet radio has been very much more widely adopted than in Europe and the UK, where the focus of radio development has been the much more expensive, 'clunky', and not particularly popular, DAB.

Revenue Opportunities

Destiny says that there are 8,000 radio stations in the US to which they will market the product, a task that should be eased by pre-existing Play MPE® connections, and the company then plans to take the service global, giving it access to, potentially, 10s of 1,000s of radio stations worldwide. The charge for the service is expected to be $400 per month, which should be high margin. A comparison for the service might be Pandora, an innovative internet radio service which has amassed some 80 million user accounts, in spite of the fact that it is currently unavailable outside the US because of legal constraints. Users may either opt for a free version of the service (this accounts for the majority of accounts), in which case revenue on those accounts is derived from advertising, or can pay to use it without advertising. In either case, users can select songs they enjoy, after which Pandora, backed by technologies from the Music Genome Project, uses a sophisticated range of data to suggest other songs the user may like. June 2010 Pandora reported $138 million in revenue. Pandora's popularity suggests that internet radio is a format with considerable public appeal, and Destiny's approach to monetizing it comes at little financial risk and potentially attractive margins.

8,000 US radio stations

Pandora has 80m user accounts

Pandora reported 2010 revenues of $138m

Future Clipstream Revenue – One Possible Scenario

Clipstream	2008	2009	2010	2011A	2012E	2013E	2014E	2015E	2016E
IPTV						0.06	0.07	0.07	0.08
Internet Radio					0.05	0.24	0.72	1.92	3.36
Cloud					0.02	0.24	0.72	1.44	2.88
Others	0.33	0.30	0.26	0.18	0.19	0.20	0.22	0.24	0.27
Total Revenue	***0.33***	***0.30***	***0.26***	***0.18***	***0.27***	***0.74***	***1.73***	***3.67***	***6.59***
		-7.9%	-13.8%	-32.5%	50.9%	178.4%	133.2%	112.9%	79.2%

Source: Company Data & Hardman Estimates

Important new source of revenues

As far as the future for Clipstream is concerned, all that can be said is that any forecast will certainly be wrong. This technology will either get taken up and adopted by major industry partners, particularly in internet and internet radio or it will fail. It can, however, be said with certainty that the widespread adoption of internet radio in North America, rather than DAB which is proving the vehicle of choice in Europe, is playing into Clipstream's strengths there. It is also abundantly clear that compression, economic use of bandwidth and technology that allows instant adoption by a wide variety of host software drivers and hardware devices, particularly in the mobile environment, will be crucially important for any product that is to gain a place in this industry.

Financials

Full Year Results To August 2011

Results for the year to end-August 2011 showed a 6% increase in revenue and static operating income. Earnings per share were lower because of a reversal from a large tax credit to a deferred tax charge. If adjustment is made for this, underlying eps are unchanged. 2011 was always going to be a year of relatively modest progress, because there were distractions early in the period from the IPO and the successfully resolved patent lawsuits, and because the revamped version of Clipstream had not (and still has not) yet been launched.

During the year the company also entered into a settlement agreement with Yangaroo Inc in respect of a copyright infringement dispute. Yangaroo has agreed to pay Destiny a lump sum of CAD$600,000, and has granted Destiny a cost and royalty free, non-exclusive, worldwide, irrevocable, license to patents held by Yangaroo.

CAD $600,000 gain offset legal costs

Profits were slightly flattered by one-off items. $0.6m was received by way of settlement in a dispute with a Canadian competitor. This was partially offset by $0.3m of professional fees incurred with this case and another in Australia. We expect legal and professional fees (but not the gains) to be a feature of Destiny Media's results in 2012 also. Thereafter these costs should decline.

Unlike the previous financial year, this year the company had a tax charge, of 21%. This was deferred tax, and therefore was not a cash item. We expect the tax charge to be higher in future. The first actual payment of tax will not take place until beyond 2013.

The company finished the year with no debt, but cash and cash equivalents of $1.2m.

Going Forward

Destiny has developed a strong niche as an expert player in this specialised niche where communications and entertainment media intersect. With the gathering digitalisation of entertainment media, Destiny is well placed to build on the strong market presence it has developed already. The current volatility of the global economy is expected to encourage media companies to bear down on costs and in that context the higher cost traditional delivery systems are vulnerable to replacement with methodologies such as Play MPE.

Destiny excels in niche where communications & entertainment media converge

The new version of Play MPE will be available for Microsoft platforms shortly after Christmas, and the Apple version hopefully by early Q2. This, and settlement of the only outstanding Play MPE legal issue which we expect imminently, will produce some growth in Play MPE during the financial year 2011/12.

Seasonal sales pattern

As far as Clipstream is concerned, the new G2 usable on any platform with greatly enhanced customer friendly interface, is currently scheduled for launch sometime in Q3. It will therefore have only very limited impact in the current financial year, particularly because in Q4 contains the Christmas shutdown period. Of course we may be surprised – it is always possible that a major licensing deal for Clipstream G2 could produce a very pleasant surprise.

Watch out for Clipstream® sales growth

For 2012/13, we see a full year of Clipstream G2 contribution, and by the end of that year it will be clear whether the new G2 will be a success or not. We think it likely that Play MPE could actually grow faster in 2012/13 than 2011/12.

For the following years, we envisage Clipstream G2 rapidly moving to the point where it overhauls Play MPE as a revenue generator; this assumes, of course, that it is adopted by a significant number of partners from an early stage and establishes a strong presence in the mobile market. If that happens, investors will have a success on their hands.

Revenue History & Possible Future Scenario [Year to 31st August – All US $m]

Play MPE	2008	2009	2010	2011A	2012E	2013E	2014	2015	2016
N. America	1.23	1.72	2.12	2.20	2.40	2.88	3.60	4.14	4.55
Europe (incl Far East)	0.02	0.42	1.20	1.42	1.56	1.87	2.24	2.69	3.23
Australasia		0.12	0.19	0.21	0.26	0.26	0.28	0.31	0.34
Rest of World					0.10	0.20	0.40	0.60	0.80
Total Revenue	*1.25*	*2.26*	*3.51*	*3.83*	*4.22*	*5.01*	*6.13*	*7.14*	*8.13*
		80.6%	55.5%	9.1%	10.0%	18.8%	22.4%	16.6%	13.8%
Clipstream									
IPTV						0.06	0.07	0.07	0.08
Internet Radio					0.05	0.24	0.72	1.92	3.36
Cloud					0.02	0.24	0.72	1.44	2.88
Others	0.33	0.30	0.26	0.18	0.19	0.20	0.22	0.24	0.27
Total Revenue	*0.33*	*0.30*	*0.26*	*0.18*	*0.27*	*0.74*	*1.73*	*3.67*	*6.59*
		-7.9%	-13.8%	-32.5%	50.9%	178.4%	133.2%	112.9%	79.2%
Total Rev	1.58	2.56	3.77	4.01	4.48	5.75	7.85	10.82	14.71
Growth		62.2%	47.3%	6.3%	11.8%	28.2%	36.6%	37.8%	36.0%

Source: Company and Hardman & Co

Rebalancing against Play MPE

Valuation

Destiny Media's value lies in the potential for Clipstream if the new easy to use version of the product due for release in mid-2011 finds acceptance in the industry. It is possible to rate Destiny Media conventionally, on a p/e ratio based upon the current Play MPE revenues and earnings, and there is clearly growth potential in Play MPE as the customer base is expanded and the move from physical delivery to electronic delivery within the industry is completed. But Clipstream is what provides the "blue sky" potential, and will have the optimists looking at Adobe, YouTube and Zynga as possible models to emulate.

Current rating does not discount potential for additional value creation

On historic results, Destiny Media is trading at 5X sales revenues, which is within the broad band of valuations on which trade sales in the technology area have been taking place during 2011. In terms of eps, the company is trading at ~30X historic, taxed earnings. Neither valuation is out of the ordinary for an early stage technology company. Destiny Media's fans, though, will instead be looking at its current $22m market cap, and the possibility, if all goes well, of it becoming a $100m plus company.

Industry peers, partners & competitors may see greater value than the equity market

Profit & Loss Account

Year at 31st August ($m)	2008	2009	2010	2011	2012E	2013E
Revenue	**1.58**	**2.56**	**3.77**	**4.01**	**4.49**	**5.75**
Growth Rate %	-	62.2%	47.3%	6.3%	12.0%	30.0%
Operating expenses						
General & Admin	-1.05	-0.76	-1.05	-0.76	-0.77	-1.00
Sales & Marketing	-1.50	-0.82	-0.79	-0.82	-0.94	-1.20
R&D	-1.39	-0.89	-1.19	-1.56	-1.68	-2.18
Depreciation & Amortization	-0.04	-0.04	-0.05	-0.06	-0.08	-0.10
	-3.98	-2.52	-3.08	-3.21	-3.47	-4.48
Operating income	**-2.40**	**0.04**	**0.69**	**0.80**	**1.02**	**1.26**
Other income						
Other income	0.11	0.10	0.12	0.00	0.00	0.00
Gain on Settlement of Debt	0.00	0.02	0.00	0.00	0.00	0.00
Interest income	0.02	0.00	0.00	0.01	0.02	0.03
Interest and other expense	-0.02	0.00	0.00	0.00	0.00	0.00
	0.11	0.12	0.12	0.01	0.02	0.03
Profit before tax	-2.29	0.16	0.81	0.81	1.04	1.30
Taxation	0.00	0.45	0.88	-0.17	-0.26	-0.32
Tax rate %				21%	25%	25%
Net Income	**-2.29**	**0.61**	**1.69**	**0.64**	**0.78**	**0.97**
EPS (basic) cents	-4.57	1.19	3.27	1.26	1.59	1.98
EPS (diluted) cents	-4.57	1.18	3.23	1.25	1.58	1.97

Source: Hardman & Co Estimates & Published Company Data

First time tax payment

Balance Sheet

	2008	2009	2010	2011	2012E	2013E
Current Assets						
Cash & cash equivalents	0.09	0.25	0.49	1.24	2.05	3.03
Accounts receivables	0.32	0.50	0.54	0.39	0.63	0.80
Other receivables	0.01	0.02	0.05	0.06	0.05	0.05
Prepaid expenses	0.07	0.06	0.03	0.02	0.03	0.03
Deposits	-	-	-	0.01		
Deferred tax assets	0.00	0.45	0.38	0.29	0.38	0.00
	0.50	**1.28**	**1.49**	**2.01**	**3.13**	**3.91**
Deposits	0.05	0.01	0.01	0.04	0.01	0.01
Property and Equipment	0.11	0.12	0.13	0.14	0.16	0.18
Deferred commission costs	0.00	0.01	0.00	0.00	0.00	0.00
Deferred tax assets	0.00	0.00	0.95	0.87	0.61	0.28
	0.16	**0.15**	**1.09**	**1.05**	**0.77**	**0.48**
Total Assets	**0.66**	**1.43**	**2.58**	**3.06**	**3.91**	**4.38**
Current Liabilities						
Accounts payable	0.38	0.35	0.22	0.29	0.45	0.57
Accrued liabilities	0.25	0.18	0.26	0.31	0.26	0.26
Shareholder loan payable	0.04	0.07	0.00	0.00	0.00	0.00
Deferred leasehold inducement	-	-	-	0.00	-	-
Deferred revenue	0.02	0.02	0.03	0.04	0.03	0.03
Obligation under capital lease	0.00	0.01	0.01	0.00	0.00	0.00
	0.69	**0.62**	**0.52**	**0.65**	**0.73**	**0.86**
Obligation for share settlement	0.1	0	0	0	0	0
Obligation under capital lease	0.00	0.01	0.00	0.00	0.00	0.00
Total Liabilities	**0.79**	**0.64**	**0.52**	**0.65**	**0.73**	**0.86**
Stockholders' equity	**-0.13**	**0.79**	**2.06**	**2.41**	**3.18**	**3.52**

Source: Hardman & Co Estimates & Published Company Data

Good cash generation

Unleveraged balance sheet

$000	FY07/08				FY08/09				FY09/10				FY10/11				FY11/12			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1E	Q2E	Q3E	Q4E
Revenue	**356.6**	**359.8**	**369.1**	**493.3**	**554.6**	**467.5**	**665.8**	**872.6**	**1,047.5**	**869.9**	**952.4**	**901.6**	**1,056.6**	**841.1**	**1,176.5**	**933.0**	**1,056.6**	**925.2**	**1,294.1**	**1,213.0**
Operating Expenses																				
General & Admin	-318.9	-312.9	-206.6	-210.3	-182.4	-176.5	-181.7	-219.4	-245.7	-266.8	-255.5	-281.4	-364.2	-295.4	-262.5	158.1	-180.0	-190.0	-200.0	-200.0
Sales & Marketing	-485.8	-435.8	-323.3	-253.1	-254.9	-186.3	-193.0	-187.7	-204.5	-188.9	-184.8	-207.9	-215.5	-199.0	-184.3	-224.9	-240.0	-220.0	-240.0	-240.0
R & D	-378.2	-407.1	-335.5	-271.4	-224.8	-221.4	-206.6	-240.9	-291.7	-304.3	-283.8	-313.9	-363.9	-394.7	-392.8	-412.2	-440.0	-440.0	-400.0	-400.0
Amortisation	-9.8	-11.7	-11.8	-11.5	-7.9	-8.8	-10.7	-12.6	-11.5	-12.6	-14.7	-14.3	-16.7	-14.1	-13.5	-14.0	-18.0	-18.0	-20.0	-20.0
	-1,192.7	-1,167.5	-877.3	-746.4	-670.1	-593.0	-592.0	-660.5	-753.4	-772.6	-738.7	-817.6	-960.3	-903.2	-853.1	-493.0	-878.0	-868.0	-860.0	-860.0
Operating Income	-836.0	-807.7	-508.2	-253.0	-115.5	-125.5	73.8	212.0	294.1	97.2	213.7	84.0	96.4	-62.2	323.4	440.0	178.6	57.2	434.1	353.0
Other Income (Expenses)																				
Other Income	18.2	23.9	31.4	38.2	32.1	28.0	12.8	29.5	29.0	29.4	30.2	29.7	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gain On Settlement Of Debt	0.0	0.0	0.0	0.0	0.0	0.0	15.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest Income	10.3	4.7	0.5	9.5	0.8	0.3	1.9	0.1	0.9	1.1	0.6	0.7	2.8	2.3	1.4	5.0				
Interest & Other Expenses	-4.0	-5.2	-9.2	-6.5	-1.0	-0.6	-0.9	-2.2	-1.3	-0.5	-0.5	-0.1	-0.3	-0.2	-0.1	-0.1				
	24.4	23.4	22.6	41.3	32.0	27.7	28.7	27.7	28.6	29.9	30.3	30.2	5.5	2.1	1.3	4.9	0.0	0.0	0.0	0.0
Income Before Tax	-811.6	-784.3	-485.6	-211.7	-83.5	-97.9	102.5	239.8	322.7	127.2	243.9	114.3	101.9	-60.0	324.7	444.9	178.6	57.2	434.1	353.0
Taxation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	450.0	0.0	0.0	0.0	878.0	-29.0	17.0	-94.0	-67.0	-44.7	-14.3	-108.5	-88.2
Net Income	-811.6	-784.3	-485.6	-211.7	-83.5	-97.9	102.5	689.8	322.7	127.2	243.9	992.3	72.9	-43.0	230.7	377.9	134.0	42.9	325.6	264.7

Source: Hardman & Co Estimates & Published Company Data

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Hardman & Co

4-5 Castle Court
London
EC3V 9DL
United Kingdom

Tel: +44(0)20 7929 3399
Fax: +44(0)20 7929 3377

www.hardmanandco.com