DHX Media Ltd.

Unaudited Interim Condensed Consolidated Financial Statements
March 31, 2013
(expressed in thousands of Canadian dollars)

In accordance with National Instrument 51-102, released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim condensed consolidated financial statements for the period ended March 31, 2013.

DHX Media Ltd.

Unaudited Consolidated Balance Sheets

(expressed in thousands of Canadian dollars)

	March 31, 2013 $	June 30, 2012 $
Assets		
Current assets		
Cash	20,281	19,166
Short-term investments (note 5)	-	3,323
Restricted cash	58	-
Amounts receivable (note 6)	81,841	41,823
Prepaid expenses and deposits	3,052	1,581
Investment in film and television programs (note 7)	123,938	44,163
	229,170	110,056
Investment in associates	1,369	1,541
Long-term amounts receivable	2,755	-
Deferred financing fees	692	-
Property, plant, and equipment (note 8)	5,218	8,520
Long-term investment	330	330
Intangible assets (note 9)	26,267	2,714
Goodwill (note 10)	75,261	11,800
	341,062	134,961
Liabilities		
Current liabilities		
Bank indebtedness (note 11)	10,000	2,665
Accounts payable and accrued liabilities (note 12)	54,934	14,019
Deferred revenue	24,600	10,647
Interim production financing (note 11)	35,715	21,177
Current portion of long-term debt and obligations under capital leases (note 11)	3,683	1,948
	128,932	50,456
Other liability	1,284	1,319
Long-term debt and obligations under capital leases (note 11)	44,818	3,845
Long-term deferred revenue	145	-
Deferred income taxes (note 14)	1,179	441
	176,358	56,061
Shareholders' Equity (note 13)	164,704	78,900
	341,062	134,961

Commitments and contingencies (note 17)

The accompanying notes form an integral part of these consolidated financial statements.

DHX Media Ltd.

Unaudited Consolidated Statements of Changes in Equity

(expressed in thousands of Canadian dollars)

	Common shares $	Share purchase financing $	Warrants $	Contributed surplus $	Accumulated other comprehensive income (loss) $	Retained earnings (deficit) $	Total $
Balance - June 30, 2011	76,437	(189)	210	6,083	(457)	(1,237)	80,847
Net income for the period	–	–	–	–	–	2,699	2,699
Other comprehensive income for the period	–	–	–	–	267	–	267
Comprehensive income for the period	–	–	–	–	267	2,699	2,966
Normal course issuer bid (“NCIB”)shares repurchased and cancelled	(1,698)	–	–	620	–	–	(1,078)
Substantial issuer bid shares repurchased and cancelled	(8,857)	–	–	3,775	–	–	(5,082)
Shares cancelled pursuant to an employee loan forgiven	(50)	50	–	–	–	–	–
Repayment of share purchase financing	–	2	–	–	–	–	2
Shares issued pursuant to the employee share purchase plan (“ESPP”)	9	–	–	–	–	–	9
Compensation expense on share purchase financing	–	46	–	–	–	–	46
Interest received on share purchase financing	–	2	–	–	–	–	2
Expiration of warrants, net of tax effect of $33	–	–	(210)	177	–	–	(33)
Share-based compensation	–	–	–	335	–	–	335
Balance - March 31, 2012	65,841	(89)	–	10,990	(190)	1,462	78,014
Net income for the period	–	–	–	–	–	348	348
Other comprehensive income for the period	–	–	–	–	422	–	422
Comprehensive income for the period	–	–	–	–	422	348	770
Repayment of share purchase financing	–	3	–	–	–	–	3
Interest received on share purchase financing	–	1	–	–	–	–	1
Share-based compensation	–	–	–	112	–	–	112
Balance - June 30, 2012	65,841	(85)	–	11,102	232	1,810	78,900
Net income for the period	–	–	–	–	–	1,121	1,121
Other comprehensive loss for the period	–	–	–	–	(981)	–	(981)
Comprehensive income (loss) for the period	–	–	–	–	(981)	1,121	140
Repayment of share purchase financing	–	3	–	–	–	–	3
Issued for cash consideration	18,022	–	–	–	–	–	18,022
Cookie Jar acquisition	67,403	–	–	–	–	–	67,403
Stock options exercised	2	–	–	(1)	–	–	1
Interest received on share purchase financing	–	2	–	–	–	–	2
Compensation expense on share purchase financing	–	32	–	–	–	–	32
Share-based compensation	–	–	–	559	–	–	559
Warrant vesting expense	–	–	390	–	–	–	390
Shares issued pursuant to the ESPP	17	–	–	–	–	–	17
Dividends paid	–	–	–	–	–	(765)	(765)
Balance - March 31, 2013	151,285	(48)	390	11,660	(749)	2,166	164,704

The accompanying notes form an integral part of these consolidated financial statements.

DHX Media Ltd.

Unaudited Consolidated Statements of Income

For the three and nine-month periods ended March 31, 2013 and 2012

(expressed in thousands of Canadian dollars, except for amounts per share)

	Three-months ended		Nine-months ended	
	March 31, 2013	**March 31, 2012**	**March 31, 2013**	**March 31, 2012**
	$	**$**	**$**	**$**
Revenues (note 21)	31,227	16,619	71,100	58,238
Operating expenses (income) (note 15)				
Direct production costs and amortization of film and television produced	15,322	10,504	34,313	39,338
Amortization of acquired library	2,296	131	4,450	609
Acquisition costs	350	-	1,718	-
Amortization of property, plant and equipment and intangible assets	1,422	743	3,310	1,963
Development expenses and other	928	226	1,779	436
Impairment in value of investment in film and television programs	-	-	-	135
Selling, general and administrative	8,968	4,084	22,379	11,908
Share of loss of associates	91	55	172	81
Realized gain on sale of property plant and equipment and short-term investments, net	(1,080)	-	(1,051)	-
Finance expense (income), net	1,303	88	1,882	(23)
	29,600	15,831	68,952	54,447
Income before income taxes	1,627	788	2,148	3,791
Provision for (recovery of) income taxes				
Current income taxes	1,522	508	1,170	1,245
Deferred income taxes	(801)	(266)	(143)	(153)
	721	242	1,027	1,092
Net income for the periods	906	546	1,121	2,699
Basic earnings per common share (note 19)	0.01	0.01	0.01	0.05
Diluted earnings per common share (note 19)	0.01	0.01	0.01	0.05

The accompanying notes form an integral part of these consolidated financial statements.

DHX Media Ltd.

Unaudited Consolidated Statements of Comprehensive Income (loss)

For the three and nine-month periods ended March 31, 2013 and 2012

(expressed in thousands of Canadian dollars)

	Three-months ended		Nine-months ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	$	$	$	$
Net income for the periods	906	546	1,121	2,699
Other comprehensive income (loss)				
Cumulative translation adjustment, net of tax effect of $300	(490)	(252)	(875)	263
Realized loss on available-for-sale investments	-	-	29	-
Changes in fair value of available-for-sale investments, net of tax	-	(64)	(135)	4
Other comprehensive income (loss) for the periods	(490)	(316)	(981)	267
Comprehensive income for the periods	416	230	140	2,966

The accompanying notes form an integral part of these consolidated financial statements.

DHX Media Ltd.

Consolidated Statements of Cash Flows

For the nine-month periods ended March 31, 2013 and 2012

(expressed in thousands of Canadian dollars)

	Nine-months ended March 31, 2013 $	March 31, 2012 $
Cash provided by (used in)		
Operating activities		
Net income (loss) for the periods	1,121	2,699
Charges (credits) to income not involving cash		
Amortization of film and television programs	8,941	9,677
Amortization of acquired library	4,450	609
Amortization of property, plant, and equipment	1,485	1,333
Amortization of intangible assets	1,825	629
Unrealized foreign exchange (gain) loss	(792)	91
Impairment in value of investment in film and television programs	-	135
Share of loss of associates	172	81
Realized gain on sale of property, plant and equipment and short-term investments	(1,051)	-
Share-based compensation	981	381
Interest on promissory notes	2	2
Deferred income tax recovery	(143)	(153)
	16,991	15,484
Net investment in film and television programs	(17,886)	(13,839)
Net change in non-cash working capital balances related to operations (note 20)	(7,275)	6,744
Cash provided by (used in) operating activities	(8,170)	8,389
Financing activities		
Proceeds from issuance of common shares, net of issue costs	17,326	-
Dividends paid	(765)	-
Proceeds from issuance of common shares related to ESPP and options	17	9
Proceeds of employee share purchase loan	3	2
Common shares repurchased and cancelled	-	(6,193)
Proceeds from (repayment of) bank indebtedness	7,335	(3,447)
Proceeds from (repayment of) interim production financing	7,647	(3,326)
Proceeds from long-term debt, net of debt issue costs	48,292	4,000
Increase in deferred financing fees	(692)	-
Repayment of long-term debt and obligations under capital leases	(63,620)	(855)
Increase in restricted cash, net	(58)	-
Repayment of shareholder debt assumed on acquisitions	(8,665)	-
Cash provided by (used in) financing activities	6,820	(9,810)
Investing activities		
Cash paid on business acquisition, net of cash acquired	(2,191)	-
Acquisitions of short-term investments	-	(7,185)
Proceeds on sale of short-term investments	3,294	8,009
Proceeds on sale of property, plant and equipment	5,214	-
Acquisition of property, plant, and equipment	(1,421)	(953)
Change in long-term receivables and payables	(348)	-
Decrease in long-term deferred revenue	(2,054)	-
Cash provided by (used in) investing activities	2,494	(129)
Effect of foreign exchange rate changes on cash	(29)	25
Net change in cash during the periods	1,115	(1,525)
Cash – Beginning of periods	19,166	19,525
Cash – End of periods	20,281	18,000

The accompanying notes form an integral part of these consolidated financial statements.

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

1 Nature of business

DHX Media Ltd. (the "Company") is a public company, and the ultimate parent, whose common shares are traded on the Toronto Stock Exchange (TSX), admitted on May 19, 2006 (symbol DHX). The Company, incorporated on February 12, 2004 under the laws of the Province of Nova Scotia, Canada, and continued on April 25, 2006 under the Canada Business Corporation Act, develops, produces, distributes and licenses films and television programs for the domestic and international markets. The address of the Company's head office is 1478 Queen Street, Halifax, Nova Scotia, Canada, B3J 2H7.

2 Basis of preparation

The Company prepares its unaudited interim condensed consolidated financial statements (the "financial statements") in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements are in compliance with International Accounting Standards 34, *Interim Financial Reporting* ("IAS 34"). Accordingly, certain information normally included in annual financial statements, prepared with IFRS, as issued by IASB, have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in note 3 of the Company's consolidated financial statements for the year ended June 30, 2012. These financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended June 30, 2012.

The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for a full year.

These financial statements have been authorized by the Board of Directors on May 13, 2013.

3 Significant accounting policies, judgments and estimation uncertainty

Except as otherwise noted herein, these financial statements have been prepared using the same policies and methods of computation as the annual consolidated financial statements of the Company for the year ended June 30, 2012. Refer to note 3 of the Company's consolidated financial statements for the year ended June 30, 2012 for information on judgements and estimation uncertainty, new accounting standards and amendments not yet effective. The items listed below represent accounting policies not previously disclosed, as well as additional disclosure related to judgements and estimation uncertainty.

Significant accounting policies

Deferred financing fees and debt issue costs

Debt issue costs related to bank indebtedness are recorded as a deferred charge and amortized, using the straight-line method, over the term of the related bank indebtedness and the expense is included in interest expense. Debt issue costs related to long-term debt are recorded as a reduction of long-term debt and amortized using the effective interest rate method and the expense is included in interest expense. At March 31, 2013, $692 was recorded as deferred financing fees and $1,762 was recorded as reduction of long-term debt.

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

3 Significant accounting policies, judgments and estimation uncertainty (continued)

Significant judgments and estimation uncertainty

Business combinations

The purchase price of an acquired company is allocated to the tangible and intangible assets acquired and liabilities assumed as of the business combination date. The purchase price allocation process requires management to use significant estimates and assumptions, including fair value estimates including, but not limited to:

- estimated fair values of tangible assets;
- estimated fair values of intangible assets;
- estimated fair values of deferred revenue;
- probability of required payment under contingent consideration provisions;
- estimated income tax assets and liabilities assumed from the acquiree; and
- estimated fair value of pre-acquisition contingencies assumed from the acquiree.

While management uses its best estimates and assumptions as a part of the purchase price allocation process to accurately value assets acquired and liabilities assumed at the business combination date, estimates and assumptions are inherently uncertain and subject to refinement. As a result, during the purchase price allocation period, which is generally one year from the business combination date, adjustments are recorded to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. For changes in the valuation of tangible and intangible assets between preliminary and final purchase price allocation, the related amortization is adjusted.

Although management believes the assumptions and estimates made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Examples of critical estimates in valuing certain of the assets and liabilities acquired include but are not limited to:

- future expected cash flows from distribution, merchandising and licensing and other customer contracts;
- expected costs to complete film and television productions in-process and the estimated cash flows from the productions when completed;
- the acquired company's brand, broadcaster relationships and customer and distribution relationships, as well as assumptions about the period of time these acquired intangibles will continue to benefit the combined company;
- the fair value of deferred revenue, including future obligations to customers;
- uncertain tax positions and the fair value of both current and deferred tax related assets and liabilities assumed in connection with a business combination are initially estimated as of the acquisition date and are reevaluated quarterly, management continues to collect information in order to determine their estimated values, with any adjustments to preliminary estimates being recorded to goodwill during the measurement period; and
- discount rates.

Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill in the purchase price allocation. Unanticipated events and circumstances may occur which may affect the accuracy or validity of such assumptions, estimates or actual results.

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

4 Acquisitions

On October 22nd, 2012, ("Cookie Jar Effective Date") the Company acquired all of the outstanding shares of a newly formed company holding all of the assets and select liabilities comprising the business of Cookie Jar Entertainment ("Cookie Jar"), an industry leader in the creation, production and marketing of animated and live-action programming and possessing a library of nearly 6,000 half-hours of programming. Total consideration of $72,403 is comprised of cash of $5,000 and 36,044,492 common shares of the Company valued at $67,403 on the Cookie Jar Effective Date.

The preliminary goodwill value of $63,480 arising from the acquisition is attributable to acquired workforce and economies of scale expected from combining the operations for the Company and Cookie Jar. None of the goodwill recognised is expected to be deductible for income tax purposes. The preliminary fair value of accounts receivable is $31,794. The gross contractual amount for accounts receivable due is $35,339, of which $3,545 is expected to be uncollectible.

The acquisition was accounted for using the purchase method. As such, the results of operations reflect revenue and expenses of the assets of Cookie Jar from the Cookie Jar Effective Date. All special purpose entities have been identified and are accounted for in accordance with the principles of consolidation disclosed in the June 30, 2012 financial statements.

The purchase price has been allocated, on a preliminary basis to the assets acquired and liabilities assumed based on their estimated fair value as follows:

	$
Assets acquired	
Cash	2,809
Accounts receivable	31,794
Prepaid expenses and deposits	783
Investment in film and television programs	72,226
Property, plant and equipment	937
Intangible assets	25,439
Goodwill	63,480
	197,468
Less: Liabilities assumed	
Accounts payable and accrued liabilities	38,504
Deferred revenue	13,663
Interim production financing	6,891
Long-term debt	56,742
Shareholder loans payable	8,665
Deferred tax liability	600
	125,065
	72,403

During the three-months ended March 31, 2013, the Company continued to refine the purchase price allocation. As a result, the Company increased the amount allocated to deferred revenue by $1,576, reduced deferred tax assets by $4,750, and increased goodwill by $6,326. There was no impact to net income or comprehensive income recorded in prior periods. The Company will finalize the purchase price allocation upon completion of review of certain working capital balances and determination of the fair value of the tangible and intangible assets acquired and liabilities assumed. Any future adjustment resulting from this review will be recorded as an adjustment to the purchase price.

Had Cookie Jar been consolidated from July 1, 2012, the consolidated statement of income would show revenue of $84,166 and net income of $849.

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

5 Short-term investments

The investments are shown on the balance sheet at fair value. As at March 31, 2013, there were no short-term investments. The cost of the short-term investments at June 30, 2012 was $3,217. As at June 30, 2012, short-term investments consisted of Canadian government grade bonds which had interest rates ranging from 3.25% to 3.80% respectively.

6 Amounts receivable

	March 31, 2013 $	June 30, 2012 $
Trade receivables	43,465	15,939
Less: Provision for impairment of trade receivables	(177)	(105)
	43,288	15,834
Goods and services taxes recoverable	2,808	1,105
Federal and provincial film tax credits and other government assistance	35,745	24,884
Amounts receivable	81,841	41,823

The aging of trade receivables is as follows:

	March 31, 2013 $	June 30, 2012 $
Less than 60 days	36,518	13,537
Between 60 to 90 days	1,612	535
Over 90 days	5,158	1,762
	43,288	15,834

The Company does not have security over these balances. All impaired trade receivables are older than 90 days.

Trade receivables, goods and services taxes recoverable and federal and provincial film tax credits receivable and other government assistance are provided for based on estimated irrecoverable amounts as determined by using a combination of historical default experience, any changes to credit quality and management estimates. Goods and services taxes recoverable and federal and provincial film tax credits receivable and other government assistance do not contain any impaired receivables.

Provision for impairment of trade receivables:

	Nine-months ended March 31, 2013 $	Year ended June 30, 2012 $
Opening balance	105	70
Provision for receivables	104	35
Receivables written off during the period	(32)	–
Closing balance	177	105

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

7 Investment in film and television programs

	March 31, 2013 $	June 30, 2012 $
Development costs	1,854	2,943
Theatrical and non-theatrical productions in progress		
Cost, net of government and third party assistance	2,207	2,459
Acquired participation rights – theatrical and non-theatrical		
Cost	78,086	5,860
Accumulated amortization	(9,520)	(5,070)
	68,566	790
Non-theatrical productions completed and released		
Cost, net of government and third party assistance	206,351	184,070
Accumulated amortization	(150,242)	(141,301)
Accumulated impairment in value of investment in film and television programs	(4,798)	(4,798)
	51,311	37,971
	123,938	44,163

The Company expects that 7% of the costs related to theatrical and non-theatrical productions completed and released will be realized during the year ending June 30, 2013. The Company expects that 40% of the costs related to theatrical and non-theatrical productions completed and released will be realized during the period ending June 30, 2015. The Company expects that over 61% of the costs related to productions completed will be realized by June 30, 2017.

During the three and nine-months ended March 31, 2013, interest of $489 and $1,020 (three and nine-months ended March 31, 2012 - $161 and $710) has been capitalized to investment in film and television programs.

The continuity of investment in film and television programs is as follows:

	Nine-months ended March 31, 2013 $	Year-ended June 30, 2012 $
Net opening investment in film and television programs	44,163	39,184
Cookie Jar productions acquired (note 4)	72,226	-
Cost of productions (completed and released and productions in progress), net of government assistance	21,962	14,928
Increase (decrease) in development costs	(1,089)	571
Amortization	(13,391)	(10,584)
Impairment in value of certain investment in film and television programs	-	(515)
Exchange differences	67	579
	123,938	44,163

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

8 Property, plant and equipment

	Land $	Buildings $	Furniture, fixtures and equipment $	Computer equipment $	Post production equipment $	Website design $	Computer software $	Lease-holds $	Total $
For the year ended June 30, 2012									
Opening net book value	800	3,541	903	2,213	285	–	998	1,067	9,807
Additions	–	–	48	827	1	–	440	–	1,316
Amortization	–	(143)	(195)	(688)	(88)	–	(407)	(179)	(1,700)
Proceeds on disposal	–	–	(6)	(692)	–	–	(133)	(30)	(861)
Gain (loss) on disposals	–	–	(4)	(169)	–	–	29	–	(144)
Exchange differences	–	–	2	77	–	–	18	5	102
Net book value	800	3,398	748	1,568	198	–	945	863	8,520
At June 30, 2012									
Cost	800	4,329	3,366	4,911	1,486	104	2,381	2,165	19,542
Accumulated amortization	–	(931)	(2,620)	(3,420)	(1,288)	(104)	(1,454)	(1,307)	(11,124)
Exchange differences	–	–	2	77	–	–	18	5	102
Net book value	800	3,398	748	1,568	198	–	945	863	8,520
For the nine-months ended March 31, 2013									
Opening net book value	800	3,398	748	1,568	198	–	945	863	8,520
Additions on Cookie Jar acquisition (note 4)	–	–	239	574	–	–	–	124	937
Additions	–	–	180	987	8	–	235	11	1,421
Amortization	–	(64)	(232)	(536)	(46)	–	(343)	(264)	(1,485)
Proceeds on disposal	(1,000)	(4,214)	–	–	–	–	–	–	(5,214)
Gain (loss) on disposals	200	880	–	–	–	–	–	–	1,080
Exchange differences	–	–	(1)	(28)	–	–	(9)	(3)	(41)
Net book value	–	–	934	2,565	160	–	828	731	5,218
At March 31, 2013									
Cost	–	–	3,785	6,472	1,494	104	2,616	2,300	16,771
Accumulated amortization	–	–	(2,852)	(3,956)	(1,334)	(104)	(1,797)	(1,571)	(11,614)
Exchange differences	–	–	1	49	–	–	9	2	61
Net book value	–	–	934	2,565	160	–	828	731	5,218

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

9 Intangible assets

	Production backlog $	Broadcaster relationships $	Customer and distribution relationships $	Non-compete contracts and brands $	Production software $	Total $
For the year ended June 30, 2012						
Opening net book value	40	2,306	264	829	113	3,552
Amortization	(16)	(544)	(55)	(144)	(79)	(838)
Net book value	24	1,762	209	685	34	2,714
At June 30, 2012						
Cost	1,085	4,627	546	1,959	394	8,611
Accumulated amortization	(1,061)	(2,865)	(337)	(1,274)	(360)	(5,897)
Net book value	24	1,762	209	685	34	2,714
For the nine-months ended March 31, 2013						
Opening net book value	24	1,762	209	685	34	2,714
Additions (note 4)	–	2,561	10,293	12,585	–	25,439
Amortization	(12)	(628)	(492)	(659)	(34)	(1,825)
Foreign exchange differences	–	(6)	(25)	(30)	–	(61)
Net book value	12	3,689	9,985	12,581	–	26,267
At March 31, 2013						
Cost	1,085	7,188	10,839	14,544	394	34,050
Accumulated amortization	(1,073)	(3,493)	(829)	(1,933)	(394)	(7,722)
Foreign exchange differences	–	(6)	(25)	(30)	–	(61)
Net book value	12	3,689	9,985	12,581	–	26,267

10 Goodwill

The continuity of goodwill is as follows:

	Nine-months ended March 31, 2013 $	Year ended June 30, 2012 $
Opening net book value	11,800	11,763
Acquired on Cookie Jar (note 4)	63,480	–
Exchange differences	(19)	37
	75,261	11,800

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

11 Bank indebtedness, interim production financing, long-term debt and obligations under capital lease

	March 31, 2013 $	June 30, 2012 $
Bank indebtedness	10,000	2,665
Interim production financing	35,715	21,177
Long-term debt and obligations under capital lease	48,501	5,793
Total interest bearing debt and obligations under capital lease	94,216	29,635
Amount due within 12 months	(49,398)	(25,790)
Amount due beyond 12 months	44,818	3,845

a) Bank indebtedness

On October 22, 2012, the Company entered into a credit agreement (the "Senior Secured Credit Facilities") with a syndicate of lenders, which provides for a revolving facility (the "Revolving Facility") and a term facility (the "Term Facility"). The Revolving Facility is available to a maximum amount of $20,000, maturing on October 22, 2016. The Revolving Facility may be drawndown by way of either $CDN bankers acceptances, $CDN prime, $USD base rate, $USD, €EUR and/or £GBP LIBOR advances (the "Drawdown Rate") and bears interest at a floating rate ranging from the Drawdown Rate + 1.25% - 3.25%.

All amounts borrowed pursuant to the Senior Secured Credit Facility are guaranteed by DHX Media Ltd. and certain of its subsidiaries (the "Guarantors"), with each providing a first priority security interest in respect of all of the capital stock of the subsidiaries of DHX Media Ltd. and the Guarantors in favour of the syndicate of lenders and all present and after acquired real and personal property of DHX Media Ltd. and the Guarantors.

Prior to entering into the Senior Secured Credit Facilities, as of June 30, 2012, the maximum amount of all borrowing, including Interim Production Financing, with the Royal Bank of Canada ("RBC") was $55,000 ("RBC Master Agreement"). Upon entering into the Senior Secured Credit Facilities, the RBC Master Agreement matured and all amounts were repaid on October 22, 2012.

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

11 Bank indebtedness, interim production financing, long-term debt and obligations under capital lease (continued)

b) Interim production financing

	March 31, 2013 $	June 30, 2012 $
Revolving production credit facility ("RBC Revolving Production Credit Facility"), repaid during the period	-	13,701
Interim production credit facilities with various institutions, bearing interest at bank prime plus 0.65% to 12%. Assignment and direction of specific production financing and licensing contracts receivable, with a net book value of approximately $40,876 at March 31, 2013 (June 30, 2012 - $7,686)	35,715	7,476
	35,715	21,177

During the period ended March 31, 2013, the $CDN bank prime rate averaged 3.00% (year ended June 30, 2012 - 3.00%).

Prior to entering into the Senior Secured Credit Facilities, as part of the RBC Master Agreement, the Company also had a RBC Revolving Production Credit Facility with a maximum authorized amount of $40,284. The RBC Revolving Production Credit Facility matured October 22, 2012 and was replaced by individual interim production facilities.

c) Long-term debt and obligations under capital leases

The Senior Secured Credit Facility entered into on October 22, 2012 provides for a Term Facility with an initial principal amount of $50,000, maturing on October 22, 2016, repayable in annual amortization payments (as a percentage of the initial principal amount of the Term Facility) of 7% in 2013, 8% in 2014, 12% in 2015 and 13% in 2016, payable in equal quarterly installments, with the full remaining amount due upon maturity. The Term Facility may be drawndown by way of either $CDN bankers acceptances, $CDN prime, $USD base rate, $USD, €EUR and/or £GBP LIBOR advances (the "Drawdown Rate") and bears interest at a floating rate ranging from the Drawdown Rate + 1.25% - 3.25%. All amounts borrowed pursuant to the Senior Secured Credit Facility are guaranteed by DHX Media Ltd. and certain of its Guarantors, with each providing a first priority security interest in respect of all of the capital stock of the subsidiaries of DHX Media Ltd. and the Guarantors in favour of the syndicate of lenders and all present and after acquired real and personal property of DHX Media Ltd. and the Guarantors.

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

11 Bank indebtedness, interim production financing, long-term debt and obligations under capital lease (continued)

c) Long-term debt and obligations under capital leases (continued)

	March 31, 2013 $	June 30, 2012 $
Term Facility entered into pursuant to the Senior Secured Credit Facility (note 11(a) and (b)), net of issue costs of $1,736 at March 31, 2013	47,682	-
Loans payable to Business Development Bank of Canada, repaid during the period, upon sale of property, plant and equipment	-	1,947
Obligation under various capital leases, with total quarterly instalments of $82, bearing interest at rates ranging from 5.2% to 9.8%, maturing on dates ranging from January 2014 to January 2017, of which $45 is denominated in USD (June 30, 2012 - $342)	819	513
RBC Acquisition Facility, repaid during the period	-	3,333
	48,501	5,793
Less: Current portion	(3,683)	(1,948)
	44,818	3,845

The aggregate amount of principal repayments required in each of the next five years is as follows:

	$
Year ending June 30, 2013	864
2014	3,772
2015	5,364
2016	6,204
2017	32,297
beyond 2017	nil

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

11 Bank indebtedness, interim production financing, long-term debt and obligations under capital lease (continued)

c) Long-term debt and obligations under capital leases (continued)

The Company has the following undrawn borrowing facilities:

	March 31, 2013 $	June 30, 2012 $
Bank indebtedness/Revolving facility	10,000	845
Interim production financing	-	26,583
Term facility	-	6,667
Other	-	995
	10,000	35,090

12 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include the following:

	March 31, 2013 $	June 30, 2012 $
Accounts payable	10,497	728
Accrued liabilities	44,437	13,291
	54,934	14,019

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

13 Share capital and contributed surplus

a) Issued and outstanding

Changes in the Company's issued share capital during the periods were as follows:

	March 31, 2013		June 30, 2012	
	Number	Amount $	Number	Amount $
Preferred variable voting shares	100,000,000	-	100,000,000	-
Common shares (note 13 (b))				
Opening balance	53,069,712	65,841	61,596,615	76,437
Substantial issuer bid shares repurchased and cancelled, net of costs			(7,142,857)	(8,857)
Common shares issued on Cookie Jar acquisition	36,044,492	67,403	-	-
Issued for cash consideration, net of costs, net of tax	13,002,000	18,022		
Shares issued pursuant to ESPP	9,322	17	12,454	9
Share cancelled related to employee loan	-	-	(27,000)	(50)
Normal course issuer bid shares repurchase and cancelled	-	-	(1,369,500)	(1,698)
Options exercised	1,250	2	-	-
Ending balance	102,126,776	151,285	53,069,712	65,841
Share purchase financing				
Opening balance	-	(85)	-	(189)
Repayments made by an officer	-	3	-	5
Loan forgiven	-	-	-	50
Compensation expense	-	32	-	46
Interest received	-	2	-	3
	-	(48)	-	(85)
Warrants (note 13 (c))				
Opening balance	1,000,000	-	937,500	210
Expiration of warrants	-	-	(937,500)	(210)
Warrants vesting expense	-	390	1,000,000	-
Ending balance	1,000,000	390	1,000,000	-
Contributed surplus and stock options (note 13 (d))				
Opening balance	4,343,750	11,102	4,020,000	6,083
Share repurchased and cancelled	-	-	-	4,396
Issued to directors and employees	2,390,000	388	1,080,000	191
Share based compensation	-	171	-	255
Stock options exercised	(1,250)	(1)	-	-
Options expired	(430,000)	-	(450,000)	-
Options forfeited	(136,250)	-	(306,250)	-
Warrants expired	-	-	-	177
Ending balance	6,166,250	11,660	4,343,750	11,102

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

13 Share capital and contributed surplus (continued)

b) Common shares

On October 22, 2012, as part of the Cookie Jar acquisition, the Company issued 36,044,492 common shares with a value of $67,403, based on the closing price of $1.87 on October 22, 2012.

On October 22, 2012, the company issued 13,002,000 common shares at $1.50 for gross proceeds of $19,503. Cost of the issuance was $1,481, net of the tax effect of $696.

During the nine-months ended March 31, 2013, the Company issued 9,322 common shares, at an average price of $1.86, respectively as part of the Company's employee share purchase plan (year-ended June 30, 2012 - 12,454 at $0.81 per share).

c) Warrants

As disclosed in the Company's consolidated financial statements for the year ended June 30, 2012, 1,000,000 conditional warrants ("Conditional Warrants") were previously granted to consultants of the Company at a strike price of $0.785 per share. The vesting for the Conditional Warrants was conditional upon the Cookie Jar transaction closing by November 16th, 2012. During the period, the Conditional Warrants vested and an expense of $390 was recognized.

d) Stock options

At March 31, 2013 and June 30, 2012, the Company had the following stock options outstanding:

	Number of options	Weighted average exercise price per stock option $
Outstanding at July 1, 2011	4,020,000	1.07
Forfeited	(306,250)	1.22
Expired	(450,000)	2.05
Granted	1,080,000	0.82
Outstanding at June 30, 2012	4,343,750	0.90
Granted to employees	1,900,000	1.81
Granted to directors	490,000	1.81
Exercised	(1,250)	0.90
Forfeited	(136,250)	0.86
Expired	(270,000)	1.62
Directors options expired	(160,000)	1.62
Outstanding at March 31, 2013	6,166,250	1.20
Exercisable at June 30, 2012	2,683,750	0.94
Exercisable at March 31, 2013	2,682,500	0.83

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

13 Share capital and contributed surplus (continued)

d) Stock options (continued)

The total maximum number of common shares to be reserved for issuance through the Company's stock option plan is 9% of the total number of issued and outstanding common shares at any time. As at March 31, 2013, this amounted to 9,191,410 (June 30, 2012 – 4,776,274).

On October 4, 2012, 500,000 stock options were issued to an employee at $1.63 per share, vesting over four years and based on achieving certain benchmarks, expiring on October 4, 2017.

On November 22, 2012, 1,640,000 stock options were issued to employees and directors at $1.81 per share, vesting over four years and some of which are based on achieving certain benchmarks and expiring on November 22, 2017.

On February 19, 2013, 250,000 stock options were issued to employees at $2.15 per share, vesting over four years and expiring on February 19, 2018.

During the three and nine-months ended March 31, 2013, nil and 1,250 stock options were exercised at a price of $0.90 per common share (2012 - nil).

During the three and nine-months ended March 31, 2013, 15,000 and 136,250 options were forfeited and 430,000 expired (2012 - 306,250 and 450,000).

The weighted average grant date fair value of stock options and assumptions using the Black-Scholes option pricing model for nine-months ended March 31, 2013 and the year ended June 30, 2012:

	March 31, 2013	June 30, 2012
Weighted average grant date fair value	0.84	0.32
Risk-free interest rate	1.28%	1.25%
Expected option life	4 years	4 years
Expected volatility	61%	65%
Expected dividend yield	0.13%	nil

Changes in the assumptions can materially affect the fair value estimate and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the stock options.

During the three and nine-months ended March 31, 2013, a total of $255 and $981 (three and nine-months ended March 31, 2012 - $71 and 381) was recognized as compensation expense. Included in the compensation expense for the three and nine-months ended March 31, 2013 was $nil and $32 related to employee share purchase loans (three and nine-months ended March 31, 2012 - $nil and $46).

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

13 Share capital and contributed surplus (continued)

e) Stock options (continued)

Information related to options outstanding at March 31, 2013 is presented below:

Range of exercise prices $	Number outstanding at March 31, 2013	Weighted average remaining contractual life	Weighted average exercise price $	Number exercisable at March 31, 2013	Weighted average exercise price $
0.58 - 0.99	3,776,250	2.16 years	0.82	2,607,500	0.80
1.00 - 2.15	2,390,000	4.64 years	1.81	75,000	1.81
Total	6,166,250	3.13 years	1.20	2,682,500	0.83

Information related to options outstanding at June 30, 2012 is presented below:

Range of exercise prices $	Number outstanding at June 30, 2012	Weighted average remaining contractual life	Weighted average exercise price $	Number exercisable at June 30, 2012	Weighted average exercise price $
0.58 - 0.99	3,913,750	2.70 years	0.82	2,253,750	0.81
1.00 - 1.62	430,000	0.24 years	1.62	430,000	1.62
Total	4,343,750	2.68 years	0.90	2,683,750	0.94

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

14 Income taxes

Significant components of the Company's deferred income tax asset (liability) as at March 31, 2013 and June 30, 2012 are as follows:

	March 31, 2013 $	June 30, 2012 $
Leasehold inducement	250	250
Foreign tax credits	320	320
Deferred production revenue	75	75
Participation payables and capital lease obligations and other liabilities	4,428	585
Property, plant and equipment	(129)	(250)
Share issuance costs and deferred financing fees	743	252
Investment in film and television programs	(8,776)	(3,730)
Intangible assets	(6,872)	(1,801)
Non-capital losses and other	8,782	3,858
Deferred income tax liability	(1,179)	(441)

Deferred income tax liabilities have not been recognized for the withholding tax and other taxes that would be payable on unremitted earnings of certain subsidiaries, as such amounts are permanently reinvested. Unremitted earnings totalled $4,821 at March 31, 2013 (June 30, 2012 - $2,898).

The reconciliation of income taxes computed at the statutory tax rates to income tax expense (recovery) is as follows:

	Nine-months ended March 31, 2013 $	Nine-months ended March 31, 2012 $
Income tax expense (recovery) based on combined federal and provincial tax rates of 31.4% at March 31, 2013 (March 31, 2012 - 35.4%)	674	1,358
Income taxes increased (reduced) by:		
Share based compensation	311	121
Deferred tax rates differential	47	27
Recognition of previously unrecognized tax assets	(195)	(421)
Non-taxable portion of capital gains	(33)	-
Other and adjustment in respect of prior years	219	20
Foreign gain (losses) and California state tax expense, net	4	(13)
Provision for income taxes	1,027	1,092

As at March 31, 2013, the Company has losses carried forward of $1.2 million for which no deferred tax asset has been recorded. The Company operates in multiple jurisdictions with differing tax rates. The Company's effective tax rates are dependent on the jurisdiction to which income relates. In fiscal 2013, the Company's effective tax rate was 31.4% (2012- 35.4%) based on jurisdictions in which the income was earned.

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

15 Expenses by nature and employee benefit expense

The following sets out the expenses by nature:

	Three-months ended		Nine-months ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	$	$	$	$
Direct production and new media costs	10,672	8,374	25,372	29,661
Amortization of film and television programs	4,650	2,130	8,941	9,677
Impairment in value of investment in film and television programs	-	-	-	135
Amortization of acquired library	2,296	131	4,450	609
Development expenses and other	928	226	1,779	436
Acquisition costs	350	-	1,718	-
Office and administrative	2,525	777	5,383	2,318
Investor relations and marketing	752	9	1,058	402
Share of loss of associates	91	55	172	81
Realized gain on sale of property, plant and equipment and short term investments, net	(1,080)	-	(1,051)	-
Finance expense (income), net	1,303	88	1,882	(23)
Professional and regulatory	443	309	1,446	954
Amortization of property, plant and equipment and intangibles	1,422	742	3,310	1,963
	24,352	12,841	54,460	46,213
Salaries and employee benefits	3,480	2,869	9,996	7,781
Share-based compensation	255	71	981	381
Termination benefits	1,513	50	3,515	72
	5,248	2,990	14,492	8,234
	29,600	15,831	68,952	54,447

16 Financial instruments

a) Credit risk

Credit risk arises from cash, short-term investments, restricted cash and deposits, as well as credit exposure to customers, including outstanding receivables. The Company manages credit risk on cash, restricted cash and short-term investments by ensuring that the counterparties are banks, governments and government agencies with high credit ratings.

The balance of trade amounts receivable are mainly with Canadian broadcasters and large international distribution companies. Management believes that the net amounts recorded are fully collectible. Management manages credit risk by regularly reviewing aged accounts receivables and appropriate credit analysis. The Company has booked an allowance for doubtful accounts of less than 1% against the gross amounts for certain trade amounts receivable and management believes that the net amount of trade amounts receivable is fully collectible.

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

16 Financial instruments (continued)

b) Interest rate risk

The Company is exposed to interest rate risk arising from fluctuations in interest rates as its bank indebtedness, interim production financing, certain long-term debt and a portion of cash bear interest at floating rates. A 1% fluctuation would have an approximate $750 to $1,000 affect on net income

c) Liquidity risk

The Company manages liquidity by forecasting and monitoring operating cash flows and through the use of capital leases and maintaining revolving credit facilities (note 11). As at March 31, 2013, the Company had cash on hand of $20,281 (June 30, 2012 - $19,166).

Results of operations for any period are dependent on the number and timing of film and television programs delivered, which cannot be predicted with certainty. Consequently, the Company's results from operations may fluctuate materially from period-to-period and the results of any one period are not necessarily indicative of results for future periods. Cash flows may also fluctuate and are not necessarily closely correlated with revenue recognition. During the initial broadcast of the rights, the Company is somewhat reliant on the broadcaster's budget and financing cycles and at times the license period gets delayed and commences at a later date than originally projected.

The Company's film and television revenues vary significantly from quarter to quarter driven by contracted deliveries with the primary broadcasters. Although with the Company's recent diversification of its revenue mix, particularly in the strengthening of the distribution revenue stream, some of the quarterly unevenness is improving slightly and becoming more predictable. Distribution revenues are contract and demand driven and can fluctuate significantly from year to year. The Company maintains appropriate cash balances and has access to financing facilities to manage fluctuating cash flows.

d) Currency risk

The Company's activities involve holding foreign currencies and incurring production costs and earning revenues denominated in foreign currencies. These activities result in exposure to fluctuations in foreign currency exchange rates. The Company periodically enters into foreign exchange purchases contracts to manage its foreign exchange risk on USD,GBP and Euro denominate contracts. At each balance sheet date, the Company revalued its financial instruments denominated in a foreign currency at the prevailing exchange rates. A 1% change in the USD, GBP or Euro exchange rate would have an approximate $300 effect on comprehensive income and minimal affect on the balance sheet items.

e) Long-term investment

As at March 31, 2013, management is continuing to value its investment in Woozworld at $330 (June 30, 2012 - $330). It continues to be a private company and, as such, a quoted market price in an active market is not available.

Management has estimated the fair value of the investment by comparing value to the pro-rata valuation from a recent equity raise made by Woozworld. The Company does not expect to dispose of this investment in the near term, and believes there is no impairment of the long-term investment as at March 31, 2013 and June 30, 2012.

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

16 Financial instruments (continued)

f) Contractual maturity analysis for financial liabilities

	Total $	Less than 1 year $	1 to 3 years $	4 to 5 years $	After 5 years $
Bank indebtedness	10,000	10,000	–	–	–
Long-term debt	47,682	3,346	10,532	33,804	–
Capital lease obligations	819	337	417	65	–
	58,501	13,683	10,949	33,869	–

Payments noted above do not include interest.

g) Fair values

The carrying value of cash and short-term investments approximates the fair value.

The maximum exposure to credit risk for cash, short-term investments, restricted cash deposits and trade and other receivables approximate the amount recorded on the consolidated balance sheets.

Management believes the carrying amounts reported on the financial statements for cash, restricted cash, amounts receivable, accounts payable and accrued liabilities and current portion of long-term debt and obligations under capital leases all approximate their fair values due to their immediate or short-term maturities or variable interest rates. Interim production financing, bank indebtedness and a component of long-term debt were renegotiated during the nine-months ended March 31, 2013 to reflect current interest rates; therefore, management believes the carrying amounts also approximate their fair values.

The fair value of the non-current portion of long-term debt and obligations under capital leases is set out below and is estimated using discounted cash flow analyses based on discount rates that reflect current market conditions for instruments with similar terms and risks.

	March 31, 2013		June 30, 2012	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Long-term debt and obligations under capital leases	44,818	44,818	3,845	3,516

Fair value estimates are made at a specific point in time on relevant market information. These are estimates and involve uncertainties and matters of significant judgment and cannot be determined with precision. Change in assumptions and estimates could significantly affect fair values.

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

16 Financial instruments (continued)

h) Fair value hierarchy

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The value hierarchy has the following levels:

Level 1 - valuation based on quoted prices observed in active markets for identical assets and liabilities.

Level 2 - valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - valuation techniques with significant unobservable market inputs.

A financial instrument is classified to the lowest of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the consolidated balance sheets as at March 31, 2013, classified using the fair value hierarchy described above:

	Level 1 $	Level 2 $	Level 3 $
Foreign currency contracts	57	–	–
Long-term investments	–	–	330

Foreign currency contracts

At March 31, 2013, the Company had notional principal of approximately $2,743 (June 30, 2012 - $3,985) in contracts to sell United States dollars. The carrying value of these contracts is the fair value based on exchange rates at March 31, 2013. The contracts expire at various dates between June 2013 and November 2013.

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

17 Commitments and contingencies

Commitments

The Company has entered into various operating leases for operating premises and equipment. The future aggregate minimum payments under these operating leases are as follows:

	$
Year ending June 30, 2013	781
2014	2,554
2015	1,695
2016	1,389
2017	977
beyond 2017	1,291

Contingencies

The Company is, from time to time, involved in various claims, legal proceedings and complaints arising in the normal course of business and as such, provisions have been recorded where appropriate. Management does not believe that the final determination of these claims will have a material adverse effect on the financial position or results of operations of the Company. The maximum exposure at March 31, 2013 and June 30, 2012, related to the above matters is estimated at $400.

18 Capital disclosures

The Company's objectives when managing capital are to provide an adequate return to shareholders, safeguard its assets, maintain a competitive cost structure and continue as a going concern in order to pursue the development, production, distribution and licensing of its film and television properties. During the three and nine months ended March 31, 2013, the Company paid a dividend of $765, (three and nine-months ended March 31, 2012 – nil) the balance of the Company's cash is being used to maximize ongoing development and growth effort.

The Company's capital is summarized in the table below:

	March 31, 2013 $	June 30, 2012 $
Total bank indebtedness, long-term debt and obligations under capital leases	58,501	8,458
Less: Cash	(20,281)	(19,166)
Net debt (cash)	38,220	(10,708)
Total Shareholders' equity	164,704	78,900
	202,924	68,192

To facilitate the management of its capital structure, the Company prepares annual expenditure operating budgets that are updated as necessary depending on various factors including industry conditions and operating cash flow. The annual and updated budgets are reviewed by the board of directors.

The Company is in compliance with all debt covenants under the Senior Secured Credit Facilities.

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

19 Earnings per common share

a) Basic

Basic earnings per share is calculated by dividing the net income by the weighted average number of common shares in issue during the period.

	Three-months ended		Nine-months ended	
	March 31, 2013	**March 31, 2012**	**March 31, 2013**	**March 31, 2012**
Net income	$ 906	$ 546	$ 1,121	$ 2,699
Weighted average number of common shares	102,124,381	53,094,638	81,714,711	59,032,410
Basic earnings per share	$ 0.01	$ 0.01	$ 0.01	$ 0.05

b) Diluted

Diluted earnings per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive instruments which are convertible into common shares. The Company has two categories of potentially dilutive instruments which are convertible into common shares: stock options and warrants. For both the stock options and the warrants, a calculation is completed to determine the number of common shares that could have been acquired at fair value (determined as the average market price of the Company's outstanding common shares for the period), based on the monetary value of the subscription rights attached to the stock options and warrants. The number of shares calculated above is compared with the number of shares that would have been issued assuming exercises of the warrants and stock options.

For the for the three and nine-months ended March 31, 2013, the weighted average number of potentially dilutive instruments, comprised of shares issuable in respect of warrants and stock options, was 3,066,380 and 2,544,229 (three and nine-months ended March 31, 2012 – 417,556 and 367,724).

	Three-months ended		Nine-months ended	
	March 31, 2013	**March 31, 2012**	**March 31, 2013**	**March 31, 2012**
Net income	$ 906	$ 546	$ 1,121	$ 2,699
Weighted average number of common shares	105,190,761	53,512,194	84,258,940	59,400,134
Diluted earnings per share	$ 0.01	$ 0.01	$ 0.01	$ 0.05

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

20 Net change in non-cash working capital balances related to operations

	Nine-months ended	
	March 31, 2013	March 31, 2012
	$	$
Increase (decrease) in amounts receivable	(9,162)	1,794
Increase in prepaid expenses and deposits	(688)	(724)
Decrease in accounts payable and accrued liabilities	85	2,979
Increase in deferred revenue	2,490	2,695
	(7,275)	6,744
During the period, the Company paid and received the following:		
Interest paid	2,349	1,373
Interest received	71	263
Taxes paid	401	730

21 Revenues and segmented information

The Company operates production entities and offices throughout Canada, in Los Angeles, USA and throughout Europe. In measuring performance, the Company does not distinguish or group its operations on a geographical or any other basis and, accordingly, has a single reportable segment for disclosure purposes and has the following sources of revenue:

	Three-months ended		Nine-months ended	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	$	$	$	$
Production revenue	4,181	2,253	9,366	11,370
Distribution revenue	6,943	1,884	17,529	5,053
Producer and service fee revenues	3,897	8,323	16,555	24,571
Merchandising and licensing and other	16,206	4,159	27,650	17,244
	31,227	16,619	71,100	58,238

Of the Company's $31,227 and $71,100 in revenues for the three and nine-months ended March 31, 2013 ($16,619 and $58,238 for the three and nine-months ended March 31, 2012), $15,726 and $36,876 was attributable to the Company's entities based in Canada ($7,802 and $27,827 for the three and nine-months ended March 31, 2012) and $12,741 and $29,383 ($8,817 and $30,411 for the three and nine-months ended March 31, 2012) was attributable to the Company's entities based in the USA and $2,760 and $4,841 ($nil and $nil for the three and nine-months ended March 31, 2012) was attributable to the Company's entities based outside of Canada and the USA.

As at March 31, 2013, the following non-current assets were attributable to the Company's entities based in the USA: $1,146 of property, plant and equipment, $403 of intangible assets, and $656 of Goodwill (June, 30, 2012 - $1,464, $332, $712 respectively). As at March 31, 2013, the following non-current assets were attributable to the Company's entities based outside of Canada and the USA: $446 of property, plant and equipment, $2,744 of intangible assets, and $15,172 of Goodwill (June, 30, 2012 - $nil, $nil, $nil respectively). All other non-current assets were attributable to the Company's entities based in Canada.

(expressed in thousands of Canadian dollars, except for shares and amounts per share)

22 Accumulated other comprehensive income (loss)

The components of the Company's accumulated other comprehensive income (loss) are as follows:

	Three-months ended March 31, 2013 $	Nine-months ended March 31, 2013 $	Year ended June 30, 2012 $
Opening balance	(259)	232	(457)
Changes in fair value of available-for-sale investments	-	(135)	87
Cumulative translation account, net of tax effect of $300	(490)	(875)	602
Realized loss on available-for-sale investments	-	29	-
Total accumulated other comprehensive income (loss)	(749)	(749)	232

23 Subsequent events

Subsequent to March 31, 2013, on April 11, 2013, the Company completed the sale of its interest in Tribal Nova for proceeds of $1,723 less estimated transactions costs of $29, representing a gain of $325 based on the book value of the investment at March 31, 2013.