DHX MEDIA LTD.
ANNUAL INFORMATION FORM

For the Year Ended June 30, 2008

September 28, 2008

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ITEM 1. CORPORATE STRUCTURE

The Company was incorporated as a company in Nova Scotia, Canada, under the *Companies Act* (Nova Scotia) (the “Companies Act”) on February 12, 2004 under the name Slate Entertainment Limited. The Company’s name was changed to The Halifax Film Company Limited on April 20, 2004, and again on March 17, 2006 to DHX Media Ltd. On April 25, 2006 the Company was continued federally as a corporation and is now subject to the *Canada Business Corporations Act* (the “CBCA”). The Company is federally registered in Canada and its corporate number is 655881-0. Neither the Company’s Articles of Continuance, as amended from time to time (the “Articles of Continuance”), nor the Company’s By-Laws (the “By-Laws”) contain any restriction on the objects of the Company. The Company is domiciled in Canada and its registered office and principal place of business is located at 1478 Queen Street, Halifax, Nova Scotia, Canada, B3J 2H7.

The following is a list of the principal subsidiaries of the Company, the jurisdiction of incorporation each subsidiary and the percentage of voting securities beneficially owned or over which control or direction is exercised by the Company.

Subsidiary	**Jurisdiction**	**Percentage of Voting Securities Owned by the Company**
Halifax Film Ltd.	Nova Scotia	100%
Decode Entertainment Inc.	Ontario	100%
Studio B Productions Inc.	British Columbia	100%
Bulldog Interactive Fitness Inc.	Nova Scotia	100%
imX Communications Incorporated	Nova Scotia	100%

ITEM 2. GENERAL DEVELOPMENT OF THE BUSINESS

THREE YEAR HISTORY

The Company was incorporated as a company in Nova Scotia, Canada, under the *Companies Act* (Nova Scotia) (the “Companies Act”) on February 12, 2004 under the name Slate Entertainment Limited. The Company’s name was changed to The Halifax Film Company Limited on April 20, 2004, and again on March 17, 2006 to DHX Media Ltd. On April 25, 2006 the Company was continued federally as a corporation and is now subject to the *Canada Business Corporations Act* (the “CBCA”). The Company is federally registered in Canada and its corporate number is 655881-0. Neither the Company’s Articles of Continuance, as amended from time to time (the “Articles of Continuance”), nor the Company’s By-Laws (the “By-Laws”) contain any restriction on the objects of the Company. The Company is domiciled in Canada and its registered office and principal place of business is located at 1478 Queen Street, Halifax, Nova Scotia, Canada, B3J 2H7. The Company was founded by Michael Donovan and Charles Bishop, both of whom were previously involved with Salter Street Films Inc. (“Salter

Street Films"), a publicly listed company on the TSX that was sold to Atlantis Communications Inc. ("Alliance Atlantis") in 2001.

Acquisition of Decode Entertainment Inc.

On March 28, 2006, the Company entered into an agreement to acquire all of the issued and outstanding shares in the capital of Decode with the persons owning, directly or indirectly, such shares. Decode was recognized in 2001 and 2003 as one of "Canada's 50 Best Managed Private Companies", an annual award bestowed on each of Canada's 50 best managed private companies. It has also received the Canada Export Award in 2002 from Canada's Department of Foreign Affairs and International Trade. The closing date for the acquisition was May 19, 2006.

The key principals of Decode's management team, Neil Court, Steven DeNure and Beth Stevenson, were retained with employment contracts and each received common shares as partial payment for their individual interests in Decode. The Company acquired all of the outstanding shares of Decode for a total consideration of $17,892,136, including transaction costs of $620,597, in the form of (i) cash of $5,382,750 (initial payment of $3,700,000 on May 19, 2006, a payment of $1,282,750 December 15, 2006 and $400,000 repayment of a promissory note payable on December 31, 2007, together with interest thereon at 10% per annum); and (ii) 6,018,011 common shares of the Company valued at $11,888,789 (5,793,011 common shares valued at $11,571,539 issued on May 19, 2006 and 225,000 common shares valued at $317,250 issued on December 18, 2006).

Initial Public Offering

On May 19, 2006, the Company announced that its Common Shares were admitted to trading on the AIM stock exchange in the United Kingdom and were listed on the TSX under the trading symbol "DHX". At the time, the Company's market capitalization was approximately $76 million (£37 million) following admission at the placing price.

The Company successfully raised gross proceeds of $20.45 million (£10 million) through an initial public offering and placing of 8,702,500 new Common Shares at a placing price of $2.35 (114p) per share. The net funds raised by the placing were used to acquire Decode Entertainment Inc., for debt repayment and to provide working capital to finance DHX Media's rapid international growth.

Acquisition of Television Programming

On December 22, 2006, the Company completed the acquisition of the license for the worldwide distribution rights to 520 half-hours of television programming ("Distribution Rights") for $2,200,000. As of June 30, 2008, the company has paid cash of $1.1 million and is scheduled to pay the remainder through five payments of $120,000 ending March 31, 2009 and one lump sum payment of $500,000 due March 31, 2009.

Acquisition of Shares in Mighty Jungle

On February 8, 2007, the Company acquired all of the issued and outstanding shares of Mighty Jungle Productions Inc. and Mighty Jungle 2 Productions Inc., both television production companies, for cash consideration of $150,000.

Recent Developments

Lease for Production Facility

Halifax Film has entered into a 50-month lease for a new computer graphic production facility in Halifax, Nova Scotia, replacing the Company's lease at Electropolis Studios which terminated on November 26, 2007. The Company assumed possession of its new facility on October 31, 2007.

Revolving Credit Facility

On October 26, 2007, the Company completed its previously announced $70 million production and operating revolving credit facility with a Canadian chartered bank which consolidates and replaces the existing credit facilities of the Company's two production subsidiaries.

Investment in Tribal Nova

On November 22, 2007 the Company completed a strategic investment in privately-held Tribal Nova Inc. by acquiring a 16.77% interest in the company for consideration of $2,071,722 including transaction costs of $71,722. Tribal Nova specializes in the production of interactive games for children 3 to 12 years of age and produces a number of games featuring television characters well known to children. This company has invested in the online market and recently launched its first series of secure online children's game and video on-demand channels. The company commercializes these subscription-based services in collaboration with major partners in the media and entertainment industry, mostly internet service providers and television broadcasters.

Annual General Meeting

All of the matters to be acted upon at the November 6, 2007 meeting of holders of Common Shares, as set out in the Management Proxy Circular, were approved at the meeting.

Bought Deal Offering

On November 13, 2007, the Company announced the completion of its offering with a syndicate of underwriters led by GMP Securities L.P. and including Canaccord Capital Corporation, TD Securities Inc. and Paradigm Capital Inc. to purchase on a bought deal basis 9,700,000 units ("Units") from the Company at a price of $1.80 per Unit for aggregate gross proceeds of $17,460,000 (the "Offering"). Each Unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share of the Company until the date that is 36 months after the closing date at a price of $2.10 per common share.

On November 14, 2007 the Company announced the exercise, in part, of the over-allotment option granted under the Offering, pursuant to which the Company issued 115,000 common shares and 72,750 common share purchase warrants for gross proceeds of $212,368.

The Company used the net proceeds of the Offering for the acquisition of the Tribal Nova investment, Bulldog Interactive Fitness Inc., imX Communications Inc. and Studio B, as well as for working capital purposes.

Acquisition of Studio B Productions Inc.

On December 4, 2007, the Company acquired all the outstanding shares in Studio B Productions Inc. ("Studio B"), a privately-owned producer of primarily proprietary and service contracts for children's programming for an initial cash payment of CAD $8 million against a total purchase price of 4.5 times the average EBITDA of Studio B's years ending October 31, 2007 ("Fiscal 2007") and October 31, 2008 ("Fiscal 2008"), up to a maximum amount of CAD $20 million and transaction costs of $36,125. Any further potential consideration payable by DHX Media is subject to Studio B meeting certain financial performance benchmarks for Fiscal 2008 and will be paid 30% in cash and 70% in shares of DHX.

DHX benefited from several new broadcaster relationships, expanded production capabilities and a greater supply of children's programming from which it can generate future distribution revenues. Furthermore, the television series created by Studio B will contribute to DHX's stated strategy of growing a significant library of children's content from which revenues can be generated over multiple platforms. DHX also benefits from Studio B's proven track record of delivering service animation production to established long-term customers.

Change of Nomad

On March 17, 2008 the Company announced that it had appointed Grant Thornton Corporate Finance to act as its nominated adviser with immediate effect.

Acquisition of Bulldog Interactive Fitness Inc.

On March 20, 2008, the Company acquired all the outstanding shares in Bulldog, for the consideration of a cash payment of $625,000, transaction costs of $6,787, 99,333 common shares of the Company valued at $149,993, and an earnout amount payable in cash and common shares of the Company which is payable subject to Bulldog Interactive meeting certain financial targets.

Bulldog is a master franchiser for children's interactive entertainment centres with 8 locations throughout Canada and one coming soon to Boca Raton, Florida. Bulldog earns revenues through royalties from franchisees, fees on franchise set up including equipment purchases, and other revenue sharing opportunities such as the potential for M&L revenue. The acquisition of Bulldog provides the Company with a research and development platform to roll out new shows/games, cross promotional opportunities (DVD's and merchandise) and, exposure to the fastest growing children's entertainment platforms all while providing, children with a fun, safe, and healthy environment.

Acquisition of imX Communications Incorporated

On July 21, 2008 the Company announced the closing of its acquisition of imX Communications Inc. and its library of 20 feature films and 26 half-hours of television drama, documentary and animation entertainment. The total consideration paid at closing for the acquisition of imX Communications is $755,000, consisting of $655,000 in cash and 67,552 common shares of the Company. imX Communications, is a 23 year old film production company known for producing such titles as "*Love and Death on Long Island*" with John Hurt and Jason Priestley and "*Margaret's Museum*" with Helena Bonham-Carter. imX Communications president Chris Zimmer joined DHX Media under a consulting and non-competition agreement and continues to lead imX Communications in developing and producing feature film projects with a strong focus on family and children's films.

ITEM 3. BUSINESS OF THE COMPANY

Introduction

DHX is a leading independent supplier and distributor of television and film productions. The Company produces, distributes, and exploits the rights for television and film programming and is the result of the combination of The Halifax Film Company Limited ("Halifax Film") and Decode Entertainment Inc. ("Decode") during Fiscal 2006 and as of December 4, 2007 and March 20, 2008, DHX has added another two companies, Studio B Productions, Inc. and Bulldog Interactive Fitness Inc. respectively.

DHX's content library includes over 2,190 half-hours of programming and over 50 individual titles produced. The Company operates from its offices and production facilities in Halifax, Toronto, and Vancouver, producing content for distribution in domestic and international markets which is marketed via its Toronto and London, UK-based sales group.

DHX's primary focus is on children and youth productions because of the international sales potential and longer-term revenue streams that this genre of programming provides, while maintaining some production activity in other genres where the Company has expertise. With respect to children's programming, the Company's presence in the marketplace is evidenced by its 15 series currently in first window broadcast on multiple major cable and broadcast networks in North America and internationally, including, *The Mighty Jungle*, *Bo on the GO!*, *Franny's Feet*, *Chop Socky Chooks*, *Urban Vermin* and *Naturally Sadie*. The Company has secured distribution deals for several of its leading children's properties (*Franny's Feet*, *Bo on the GO!* and *The Save-Ums*, for example) in key territories which include the US, UK, France and Germany, which lays the groundwork for exploitation of merchandising and licensing rights. The Company has secured numerous merchandising and licensing deals internationally including the Company's deal with PLAYSKOOL, a division of Hasbro, Inc (NYSE: HAS), one of the world's largest toy companies, as the worldwide master toy and game licensee for *Franny's Feet*.

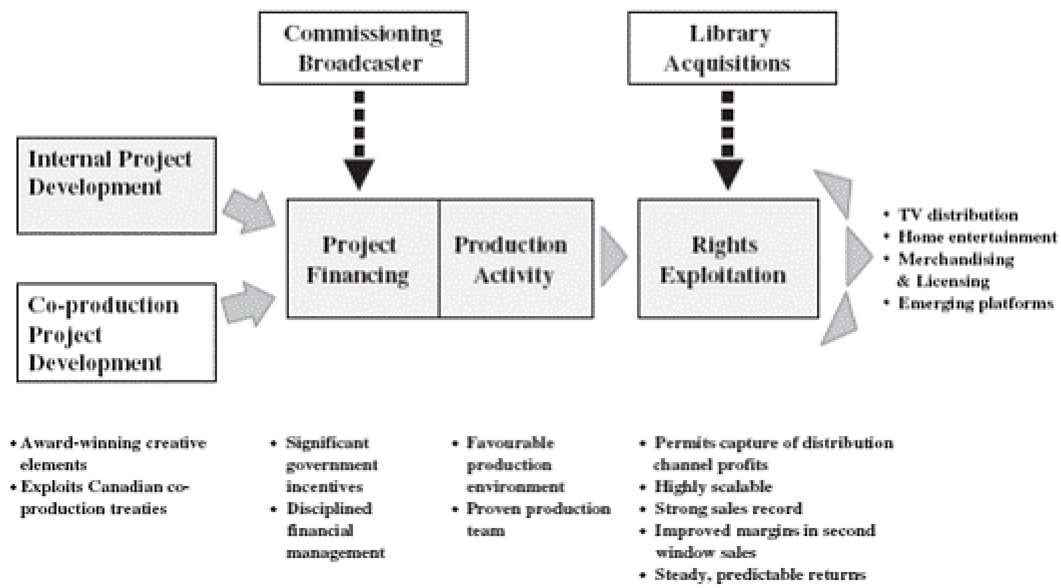
With respect to rights exploitation, the Company is also actively pursuing opportunities in new media, including the repurposing of existing content for Internet applications and the development of original content for emerging platforms. The Company completed an agreement that will see some of its content introduced onto iTunes in North America, with the company generating revenue based on a share of the download fee. In addition, its stake in Tribal Nova will enable it to place its properties into games through the company's subscription-based video-on-demand services.

The Company's prime-time production slate includes notable achievements in the comedy genre, including the award-winning prime-time comedy series *This Hour Has 22 Minutes*, which is produced for the CBC, and *Bromwell High*, a prime-time comedy animation series created by and co-produced with Hat Trick Productions in the UK. *This Hour Has 22 Minutes* is now in its 16th season and provides the Company with steady and predictable cashflow while strengthening the Company's reputation as a producer of highly rated, audience-sustaining programming.

DHX benefits from an advantageous regime of Canadian federal and provincial government tax credits and incentives that have been in place in one form or another for over 35 years and which enables the Company to produce television and film productions for the domestic and international marketplace with limited investment by the Company. This financing environment enables the Company to retain exploitation rights to its productions and build greater value in its library of original productions for exploitation in worldwide and ancillary markets. Canadian producers have ready access to US television markets thanks to geographic and cultural factors such as proximity, common vernacular and shared cultural experience, providing an advantage over non-Canadian producers. These are some of the factors that have contributed to Canada's position as the second largest exporter of English-language audio-visual products in the world after the United States (*CFTPA Profile 2006* published by the CFTPA).

DHX's business model is based on producing audience-winning programming while minimizing financial risk and retaining the maximum exploitation rights associated with a production for the generation of multiple revenue streams. In the case of international co-productions, the Company may share some of a production's rights, such as individual territories for distribution or ancillary rights, in order to meet financing and co-production treaty requirements and to take advantage of a co-production partner's competitiveness in certain areas of ancillary rights. The Company's official co-productions qualify as local content in the co-production partners' territories while giving the co-production partners access to Canadian production financing as well as to the Company's worldwide rights exploitation capability.

DHX MEDIA Business Model



Recent Industry Developments

The film and television industry is enjoying a recovery driven by a revival in interest in American-style drama production; a retraction in availability of children and youth programming from the largest US vertically integrated media companies such as Viacom, Time Warner and Disney as those companies redirect programming to their own international channels; the continuing expansion of content delivery platforms such as broadband, wireless, Internet, digital cable and satellite; and the recovery from the downturn of the global equity markets of early 2000.

On September 13, 2007, Premier Rodney MacDonald announced the Government of Nova Scotia will increase the film tax credit in an effort to make the Province's film industry the most competitive in Canada. The tax credit for filming in Halifax will be at 50%, up from 35%. For films shot in rural Nova Scotia the credit will be 60% (an addition of 5% from the existing rate). An additional 5% increase is available to companies which film three films in two years.

The Company's Business Lines

Since incorporation and in each fiscal year thereafter, the Company's core business has been television production and distribution. Within its core business DHX Media has three integrated business lines: production, rights exploitation (television programme distribution and ancillary rights) and interactive. The Company's rights exploitation business encompasses distribution of its productions and exploitation of ancillary rights (which involves licensing rights to merchandisers for fabrication of consumer products based on intellectual property owned by the Company). The Company's interactive business oversees the development, production and exploitation of new media products on interactive, mobile, Internet and new digital platforms. Each of the Company's business lines is described in more detail below.

Production Business

Production Strategy

DHX Media has four production units. The Halifax Film division produces children's programmes as well as documentaries, prime time comedy and feature films. Toronto and London-based Decode division is primarily focused on the production and distribution of family and children's programmes. The Vancouver-based Studio B division produces family and children's programmes and specializes in digital and classical animation while the Halifax-based imX division develops and produces mainly feature film projects.

The Company creates and develops original concepts or existing properties (such as books and life stories) into television series and programmes, made-for-television movies and feature films. The Company manages all aspects of a programme's production, from developing original ideas, optioning literary or life rights, to engaging writers, directors, cast and crew, arranging production financing, and overseeing production and post-production of the programme. The Company works with independent "service" studios and their creative staff on individual projects in order to access a broad talent base and diverse expertise to employ various production techniques (e.g. cell, digital and stop-motion animation, CGI, live action).

The Company pursues a three-pronged production strategy:

- innovative children and youth programming for the international marketplace;
- international co-productions and partnerships; and
- diversified production slate.

The Company assesses the international appeal, the financing profile, and the longer-term revenue generation potential of each programme it develops and produces. The Company enters into co-productions where the Company considers financial, creative and strategic relationship opportunities to be attractive. Management considers the combination of its focus on audience appealing programmes, its financing advantage, and its international distribution and co-production relationships to be critical to the building of a library of long-term value.

DHX Media’s core production business focuses on superior quality programmes, primarily animation in the children and youth arena, that will appeal to worldwide audiences and that have the potential to generate multiple revenue streams. Children’s programming travels across cultures more easily than non-children’s programming as it can be more easily dubbed into other languages than live-action programming and can therefore be sold in numerous markets. The demand for children’s programming continues to grow as evidenced by the proliferation of channels dedicated to this audience in individual territories, and by a geographic expansion of American studio-financed channels such as The Disney Channel, Cartoon Network and Nickelodeon. Management believes that children’s programming is particularly attractive due to the potential for longer-term revenue streams, including merchandising and licensing revenue, as it tends not to become dated as quickly as other forms of programming and consequently may be resold for viewing by successive generations of children.

In addition to developing and creating its own productions, the Company actively pursues co-production relationships in order to expand its output and to access international talent to create worldwide brands of value. Canada’s international co-production treaty arrangements will continue to enable the Company to produce ‘local’ qualifying content for markets outside of Canada. As a result, the Company’s co-production strategy will allow it to expand its reach into other markets that are already major distribution territories for the Company (e.g. France), where significant sources of co-production financing exist. European co-productions will add to the Company’s library of European Union quota programming, the value of which Management believes will be enhanced in the long-term. The Company has already established co-production relationships with leading UK independent producers. These collaborations are valuable to the Company because they extend its reputation within the UK while providing efficient financing solutions to both companies. The Company intends to continue its focus on UK co-productions in order to access the talent base in the UK. This UK focus allows the Company access to the Canadian financing environment while at the same time benefiting from recent regulatory changes that require UK broadcasters to commission 25% of their schedules from independent producers.

The Company’s production strategy also encompasses development of properties outside of its core area of children and youth programming. Diversification of its production slate provides the Company with alternative revenue streams, access to different markets, and a prudent diversification strategy.

Production Financing

The Company’s production financing combines the following key components:

- broadcast license fee;

- pre-sales and/or co-production financing;
- pre-sales of merchandising rights; and
- Canadian government and provincial government labour tax-credits and other public-private incentives.

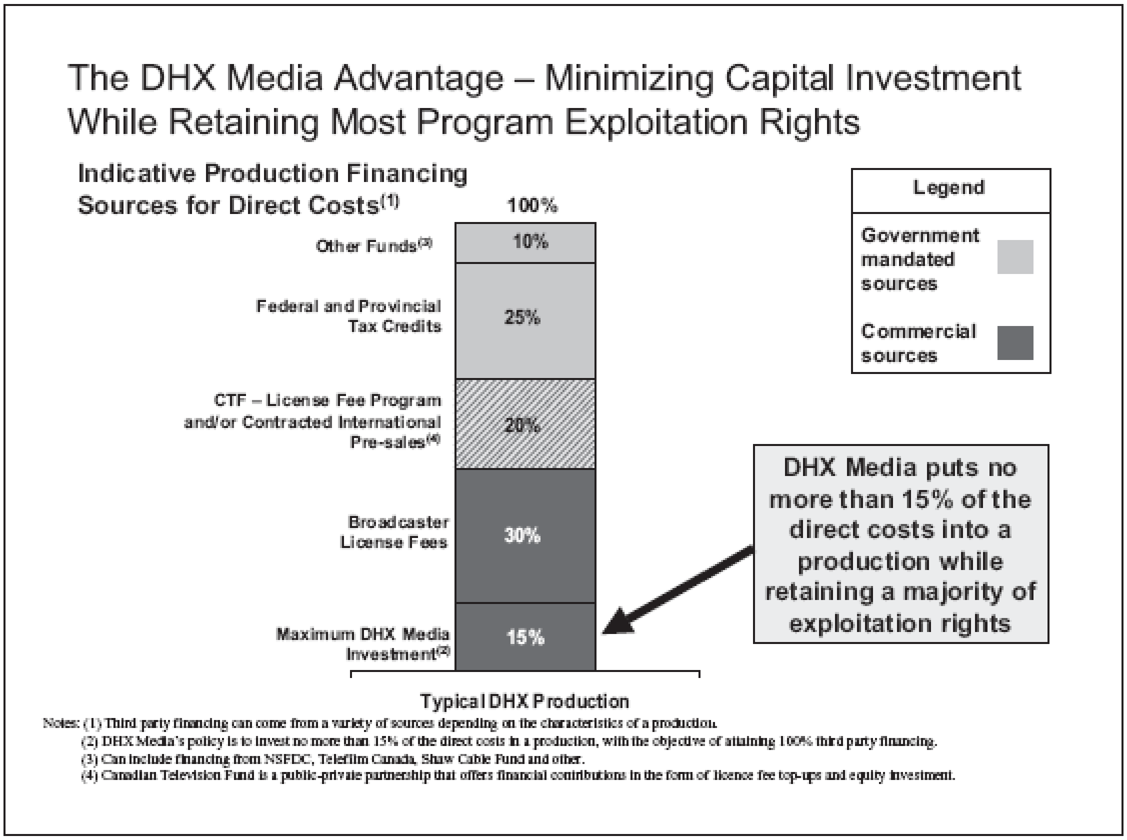
The Company's financial model for its primary focus within its core business is based on securing third-party financing for at least 85% of a production's direct costs before starting production. The Company is able to achieve this by accessing its extensive international client base for presales, securing a Canadian broadcast commission and by taking advantage of a variety of Canadian government and public-private incentives available to the Company while retaining a majority of the associated rights. This combination of third-party financing effectively lowers the Company's programme finance risk. Management believes the Company's combination of financing advantages compare favourably with production companies operating in other jurisdictions, which may be obliged to give up significant rights and/or to fund production deficits in order to complete production financing. The combination of its well-developed international sales and presales infrastructure and its access to the Canadian production financing environment leads the Company to believe that it is able to achieve a higher return on capital employed than many of its competitors.

With respect to international third-party financing, the Company or its co-production partner secures commissioning or pre-sale license fees from broadcasters and, in the case of official co-productions, may also indirectly benefit from government incentives such as equity investment and tax credits from the partner's country.

In Canada, DHX Media secures its third-party financing from a combination of commissioning broadcaster license fees, Canadian federal and provincial labour-based tax credits, and a number of government and public-private incentives. These incentives include equity investments and license fee contributions from the Canada Television and Cable Production Fund Equity Investment Program (administered by Telefilm Canada) and License Fee Program ("LFP") (together, "CTCPF"), provincial government equity investments, provincial government development equity funds as well as public-private equity investments. Any equity investment flows directly to the production company incorporated for that purpose and as such is recouped solely against future returns on that particular property. The Company qualifies all of its productions, including co-productions, for all or some of these incentives, including tax credits for Canadian certified content from the Canadian Audio Visual Certification Office ("CAVCO").

While the Company maintains its low risk profile, the Canadian financing environment and DHX Media's rights exploitation capability usually allow it to retain a majority of ownership and exploitation rights. In addition to television distribution, these international exploitation rights include home entertainment as well as ancillary markets such as music and literary publishing, merchandising and licensing and new media. In the case of international co-productions, the Company may share rights with its partners where there are significant creative and strategic benefits to both parties.

The diagram below illustrates the Company's third-party financing model for its policy within its children's television programmes to cover at least 85% of the direct cost of its production budgets. Note that while the Company pursues the maximum third-party financing available to it, the sources of financing and amounts committed from each source may vary, perhaps significantly, from production to production from the illustration below.



Once the Company has secured third-party financing for a production, these commitments are pledged to a bank or other industry lender in order to obtain interim financing. Interim financing is required for the majority of the Company's productions because the timing of cash flows from financing sources does not necessarily match the cash flows required for production. Outstanding interim financing obligations are repaid to lenders as each financing source is collected by the Company. The Company manages each of its productions as a separate company in order to limit liability, to monitor production costs and to manage financing and future revenue streams associated with the production. This structure enables the Company to mitigate the production costs that do not contribute to its own corporate overhead and provides the Company with an efficient structure should it wish to shut down a production for any reason.

All productions are insured for potential losses, accidents and interruptions during the production period. The Company to date has a solid track record for producing its programming on budget and on schedule.

Rights Exploitation Business

The Company distributes its productions through Decode's international sales group, based in Toronto and London. DHX Media sells initial broadcast rights to individual broadcasters representing different 'windows' (pay cable, terrestrial, cable and satellite) in their respective territories, sells packages of programmes to individual broadcasters, renews rights ('library' sales) to existing series with individual broadcasters and pre-sells series in development. The Company maintains relationships with all of the key broadcasters in the children and youth genre in all of the major territories worldwide. The Company's broad base of more than 200 different customers to date has been critical to the Company's growth, enabling it to minimize the effects of downturns in any one market. Furthermore, the Company's presence in London has facilitated relationships in the UK market, both at the broadcaster and the producer level, as well as in continental Europe. With respect to new platforms, the Company's existing library includes new media rights to most of its titles and the Company is actively pursuing exploitation of these rights, where appropriate. Since 1999, the Company's international sales group has concluded over 1,100 separate television series distribution agreements generating increasing volume of sales revenue each year, which reached over $11 million in 2008. Revenues from the Company's distribution have accelerated as the Company increased its market share as the number of productions available for sale has grown and as competitive conditions improve.

The Company has a number of productions (*Franny's Feet, Bo on the BO!, The Save-Ums, Lunar Jim*) currently on air in major territories which demonstrate merchandising and licensing potential. In the US, the largest and most important market for such licensing programmes, stations making up the national free TV public broadcaster, PBS. PBS commenced broadcasting the Company's preschool property, *Franny's Feet*, in July 2006 and its kids property, *Martha Speaks* in September 2008. PBS has been a critical broadcaster for many children's properties with some of the most successful merchandise and licensing campaigns in the US.

Preliminary merchandising and licensing arrangements have been secured for *Lunar Jim* (toy rights to Mattel's Fisher-Price division), *Franny's Feet* (worldwide master toy and game licensee to PLAYSKOOL, a division of Hasbro, Inc, consumer products in Japan, costume characters for Europe and US and color and activity book publishing for US and Canada,), and *The Save-Ums* (consumer products in Germany). The Company expects royalty revenue from the merchandising and licensing arrangements for *Franny's Feet* and *The Save-Ums*. The merchandising and ancillary rights to *Lunar Jim* are controlled by both Alliance Atlantis and the Company under the terms of its co-production agreement with the Company.

The Company’s strategy for its merchandising business is to initiate negotiations with consumer product licensing companies and/or agents once it considers that a brand has achieved an appropriate level of development and market acceptance. In this way, the Company will not prematurely launch a product campaign associated with a little known property, but instead defer entering into arrangements until some level of demand has been created via television exposure.

Interactive Business

DHX Media's interactive division operates out of Toronto and Halifax and develops, produces and distributes new media content across many interactive platforms including websites, online video interface, online games and other interactive applications. The division licenses websites and other interactive assets to broadcasters worldwide and have provided important added value to the Company's worldwide television programme customers, which are focused on extending their broadcast brands to the Internet and other new media applications. To date, the Company's websites and interactive components have been licensed to 18 territories and translated into eight languages.

The Company's new media strategy is to build upon its expertise to create content for new platforms such as mobile phones, personal handheld devices and non-traditional broadcast media, to build highly-engaging interactivity into the narrative of shows across many platforms and to generate original online content. It also strives to develop revenue streams with strategic partners through licensing of interactive content, targeted broadcast-to-web content to broadcasters and develop connections to online sales and merchandising.

In pursuit of this strategy, the Company has already generated revenue by achieving the following:

- posted comedy sketches from the past five seasons of This Hour Has 22 Minutes onto ad- supported video services such as Joost and You Tube.
- some of the Company's video content is sold through Apple's iTunes Canada video store.
- launched its first interactive TV game on the Bell ExpressVu platform.

The Company continues to invest in this area of content development and technical expertise in order to capitalize on the expansion of media consumption around the world.

DHX Media Productions

Current Productions

The Company’s following titles have been commissioned by Canadian, UK, US or European broadcasters for production in Fiscal 2008 and Fiscal 2009.

Animal Mechanicals a CG animation action/adventure series for preschoolers that combines the excitement of monster truck rallies with the fantastic world of mythical animals, premiered Season I with strong ratings September 1, 2008 on Kids' CBC. Currently in production of 20 x 11 min (Season II) at Halifax Film Children's Studios in Halifax.

Chop Socky Chook is a CGI-based co-production created with UK's Aardman Animations, was commissioned from Aardman Animations by the worldwide Cartoon Network channels. Decode is the worldwide TV and video rights distributor for *Chop Socky Chooks* outside of the US, excluding the multi-territory cablesat rights licensed to the Cartoon Network. Decode has to date concluded sales to broadcasters and distributors in Australia, Denmark, Asia and Spain.

Clang Invasion is a half-hour flash animation series, co-produced with Agogo Entertainment Ltd. in Hong Kong and Scrawl Studios Pte. Ltd. in Singapore. Decode is the lead distributor on most worldwide territories in partnership with its co-producers. Clang Invasion is broadcast within Canada on YTV.

The Latest Buzz is a Decode original half-hour live action sitcom, commissioned for the Family Channel in Canada, that centers around five 14 year-old writers who work at a youth magazine during 8^{th} period at school. Decode holds the worldwide TV and video distribution rights and has already begun selling this series internationally, with sales in the US and UK.

This Hour Has 22 Minutes is currently in its 16^{th} season on CBC Television with audience favorites Cathy Jones, Shaun Majumder, Gavin Crawford, Mark Critch and Geri Hall. Armed with satire, ambush, sketch comedy and parody, *22 Minutes* has been a long time favourite of CBC viewers. *22 Minutes*, Season XV was recently nominated for 3 Gemini Awards including the category of 'Best Comedy Program or Series'.

Super WHY! is the first superhero series that helps children learn to read through interactive fairytale adventures. The half-hour CGI animation series has been commissioned by CBC in Canada and PBS in the United States. *Super* WHY is a co-venture with New York-based Production company Out of the Blue Studios LLC, the show's creator. Decode co-distributes the series worldwide with Out of the Blue Worldwide LLC.

Martha Speaks follows the adventures of Martha, a loveable dog whose appetite for alphabet soup gives her the power of human speech. A dog's breakfast of messes and hilarious entanglements ensue for Martha, her family and the unsuspecting people of her town who make up the comic heart of the series. *Martha Speaks* Season I is currently being broadcast on PBS Kids, TVO, Knowledge Network, and SCN, with Seasons II and III commissioned by PBS Kids.

The Guard co-produced with Brightlight Pictures, is a one-hour character-driven ensemble drama series that focuses on the lives of four imperfect, offbeat and sometimes difficult but heroic Coast Guard rescue specialists who look for meaning in their own lives while enduring the daily dangers of life on the Pacific Ocean. Halifax Film's flagship drama series for CanWest Global premiered Season I in January 2008 with over 800,000 viewers and was the #1 new Canadian original in the adult 18-49 demographic. The series recently completed production of Season II and is scheduled to air on Global Television October 29, 2008. *The Guard*, Season I has been nominated for 3 Gemini Awards.

Bo on the GO! using motion capture technology and CG animation, *Bo on the GO!* promotes an active lifestyle and an active mind for preschoolers while linking their activity to a plot-driven story. This central theme of motivating children to become physically active continues to be a key public policy issue and of interest to public broadcasters in many countries. *Bo on the GO!* currently airs on Kids' CBC and is in production of Season III.

Franny's Feet is rooted in the excitement and joyful discoveries that exploration can bring, showing viewers they you are never too small or too young to be a BIG help. In each newly packaged episode, Franny encounters new places, people and situations that broaden her understanding of the world – and the viewer's. Each new episode also includes fun interactive learning activities, music videos and Franny's new best friend, Bobby the Butterfly. *Franny's Feet* is currently shown in over 150 countries worldwide and has been commissioned for a third season by the Family Channel.

The Mighty Jungle is a live-action puppet series for preschoolers substantially developed and guided by its preschool target audience. *The Mighty Jungle* premiered on Kids' CBC on September 1, 2008 and is currently in pre-production of Season III.

Canada's Super Speller is an educational and entertaining spelling-based series currently in production for CBC Television. Kids under 12 years of age, qualified online, participated in local and regional spelldowns resulting in the top 12 spellers (representing all of the provinces and territories of Canada) who will advance to a weeklong semi-final and final spelldown being held at Acadia University in Wolfville, NS. Canada's Super Speller is hosted by Evan Solomon (*CBC News: Sunday*).

Specialized Skill and Knowledge

The Company's senior Management team collectively has over 100 years experience in the television and film production industry, with numerous awards of excellence including an Academy Award as producers of the feature documentary *Bowling for Columbine* in 2002. Under the direction of Management, Decode was recognized in 2001 and 2003 as one of "Canada's 50 Best Managed Private Companies". Senior

Management brings together complementary skills, expertise and extensive experience in every aspect of the television and film production industry, including production, financing, and international sales and marketing. Prior to forming the Company, part of the Company's senior Management team headed Salter Street Films, a publicly traded entertainment company which was purchased in 2001 by Alliance Atlantis. See "The Company" and "Directors and Officers".

Customers

DHX Media's target customers are, in large part, made up of conventional and specialty terrestrial and cable/satellite television broadcasters in the US, the UK, Canada and other international markets. The Company targets the following broadcasters who are currently clients of the Company, or who were previously customers of Salter Street Films:

US Networks	UK Networks	Canadian Networks	International Networks
BBC America (1)	BBC(1)	Alliance Atlantis Broadcasting (1)	ABC Australia(1)
Bravo	BSkyB(1)	CBC(1)	Canal+ (France)(1)
Cartoon Network(1)	BBC Scotland	CHUM Television	France Television 2, 3 & 5(1)
Comedy Central(1)	Cartoon Network UK(1)	CTV Inc.	Mediatrade (Italy)(1)
Discovery Kids(1)	Channel 4(1)	The Family Channel(1)	Nickelodeon (international)(1)
The Disney Channel(1)	Channel 5(1)	Global Television Network(1)	Cartoon Network (international)(1)
Lifetime(1)	Discovery Channel UK(1)	Societe Radio Canada(1)	The Disney Channel(1) (international)
MTV	The Disney Channel UK (1)	Teletoon(1)	Jetix Europe(1)
National Geographic Channel(1)	Flextech Television(1)	Tele Quebec(1)	Super RTL (Germany)(1)
Nickelodeon(1)	GMTV	YTV(1)	ZDF (Germany)(1)
Noggin(1)	Jetix(1)	VRAK(1)	Kinderkanal (Germany)(1)
PBS(1)	ITV(1)		ARD (Germany)(1)
Sci Fi Channel			
Starz Encore(1)			

(1) Current customers of the Company.

The Company's clients number in excess of 200 broadcasters or major rights buyers.

Competition

There is a multi-billion dollar television market worldwide in addition to an even larger market for licensing and merchandising of children's products. The television market is a strategic entry point for building exposure to and awareness of a brand among children and often acts as an important marketing tool for the brand.

The Company's competitors can be segmented into two groups: Canadian production companies and international production companies.

Canadian Production Companies

The Company considers other Canadian producers that have access to the same financing environment in Canada and compete with the Company for programme commissions from Canadian broadcasters as its domestic competitors. Management believes that few of the Company's Canadian competitors have the Company's international distribution infrastructure and extensive international customer base which can be sourced to provide pre-sales and co-production financing.

According to the CFTPA, there are nearly 400 producers in Canada, most of which have market share of less than 1%. In recent years, many major Canadian production companies have materially scaled back their production businesses or exited the sector altogether. This development has created production opportunities for other Canadian producers similar to the Company. The Company has identified the following companies as its competitors in the Canadian market, identified by focus on children's productions and cross-genre production:

Children's Entertainment Producers	**Other Canadian Producers**
9 Story Entertainment	Canwest Global Communications Corp.
Amberwood	Entertainment One
Bardel Entertainment	Breakthrough Entertainment
Cookie Jar Entertainment	Galafilm Inc.
Cuppa Coffee Studios	Peace Arch Entertainment
Rainmaker Entertainment	
Nelvana Limited	
Zone 3 Inc.	

International Production Companies

DHX Media also competes with international production and distribution companies for sales to international broadcasters. The following are examples of international production and distribution companies, with those having a focus on children's productions identified separately from those having a more general focus:

Children's Entertainment Producers

US Major Producers and Distributors
Buena Vista International (Disney)
MTV Network Int (Nickelodeon)
Warner Brothers International Television (Cartoon Network)

US Independent Producers and Distributors
BKN New Media Ltd.
Scholastic Entertainment Inc.
Sesame Workshop.
Taffy Entertainment
Wildbrain
4 Kids Entertainment

International Independent Producers and Distributors
Australian Broadcasting Corporation
Chorion PLC
EM.TV
Entertainment Rights PLC
HIT Entertainment
Marathon
Millimages S.A.
Moonscoop
Target Entertainment
TVLoonland

Other International Producers

BBC Worldwide
Content Films
Freemantle Media
Granada

RDF Media Group
Shed Productions
TV Corporation
Endomo1

Facilities

The Company owns office space at 5466 Spring Garden Road in Halifax, Nova Scotia, with 6,500 square feet of available space. The Company has obtained two mortgages from the Business Development Bank of Canada, one for $2,490,000 which bears interest at a rate of Business Development Bank of Canada's floating base rate plus 0.5%, has an amortization of 15 years with no renewal option, and of which $1,966,700 remains outstanding as of June 30, 2008, and a second mortgage for $1,085,000 which bears interest at a rate of Business Development Bank of Canada's floating base rate plus 0.5%, has an amortization of 15 years with no renewal option, and of which $934,650 remains outstanding as of June 30, 2008. The Company also leases space in its new premises to other tenants.

Decode currently leases office space at 510-512 King Street East, Toronto, Ontario in which its executive offices are located. Decode pays basic rent of $6,081 per month as well as service rent of $8,406 per month for 8,585 square feet of office space. The term of the lease expired on May 31, 2008 and Decode has renewed on a month-to-month basis. The lease is triple net with Decode responsible for its proportionate share of property taxes, operating costs and utilities.

Decode has entered into a new lease for office and studio space located at 235 Carlaw Street, Toronto, Ontario. The term of the lease commenced on August 1, 2008 and will expire on December 31, 2018. Decode will commence paying gross rent of $35,425 per month for 21,800 square feet of space on January 1, 2009.

Halifax Film leases studio space for its computer graphic children's studio facility in Halifax, Nova Scotia. The term of the lease commenced on December 1, 2007 and ends on January 31, 2012. Halifax Film pays basic rent of $7,362 per month as well as additional rent of $5,301 per month for 8,835 square feet of office space.

Halifax Film leases office space at 96 Spadina Avenue East, Toronto, Ontario; Halifax Film pays basic rent of $1,919 per month as well as additional rent of $46 per month for 946 square feet of office space. The term of the lease expired on March 31, 2008 and has been renewed on a month-to-month basis pending the completion of leasehold improvements to the new Decode office space, where it will eventually relocate. Halifax Film is responsible for its proportionate share of property taxes, operating costs and utilities.

imX leases office space at 1556 Queen Street, Halifax, Nova Scotia. imX pays base rent of $2,536 per month for 1,200 square feet of office space. The term of the lease expires on November 31, 2008. imX is responsible for its proportionate share of property taxes, operating costs and utilities.

Employees

At June 30, 2008 the Company had 135 full-time employees. Thirty-Five of these employees are based in three locations in Halifax, while 63 are based at the Company's facilities in Toronto and 36 are based in Vancouver. Neil Court, President of Decode Enterprises, Decode's distribution division, is based in London, England. In addition, the Company retains individuals on a temporary contract basis, including directors, cast and crew, with the appropriate skills and background as required for particular projects under development or in production. During the year ended June 30, 2008 ("Fiscal 2008"), the Company retained approximately 830 temporary workers. Given the extent of the Company's production portfolio, it is able to maintain its access to skilled animators, artists, lighting crews, directors and line producers, by being able to provide relatively constant work. Many of the leading digital animation software titles were developed by Canadian companies, and animation schools such as Sheridan College in Oakville, Ontario, are leading training centres for animators. There are a number of independent animation studios across the country that can be engaged on a "work for hire" basis that can be used to manage production capacity while minimizing fixed overhead costs.

ITEM 4. DIVIDENDS

Holders of Common Shares are entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class or series of shares of the Company, to receive dividends if, as and when declared by the board of directors of the Company. The Company may pay a dividend in money or property or by issuing fully paid shares. However, the Company may not declare or pay a dividend if there are reasonable grounds to believe that (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

No dividends have been declared or paid on the Common Shares of the Company since May 15, 2005. The Company will consider paying dividends in the future depending upon the Company's results of operations, capital requirements and other relevant factors.

ITEM 5. DESCRIPTION OF SHARE CAPITAL

The following description refers only to the Company's share capital and not to any of its subsidiaries. The Company's share capital is authorized under and subject to applicable provisions of the Canadian Business Corporations Act ("CBCA"). Any amendment to the Company's authorized share capital, or any other provision of its Articles of Continuance, is subject to shareholder approval as required by the CBCA. For a more detailed description of the Company's share capital, please refer to the provisions of the Articles of Continuance.

At February 12, 2004, the date of its incorporation, the Company's authorized share capital was 1,000,000 Common Shares. On April 19, 2004 the Company's authorized share capital was increased to 100,000,000 Common Shares. On June 6, 2005 the Company's authorized share capital was amended to convert 10,000,000 authorized Common Shares into 10,000,000 authorized Class A Preferred Shares. On May 12, 2006 the Company amended its authorized share capital to create an unlimited number of Common Shares. At the same time the Company was authorized by its shareholders to automatically convert the Class A Preferred Shares into Common Shares at the completion of the Company's initial Public Offering on May 19, 2006. The Common Shares do not have nominal or par value and all of the issued and outstanding Common Shares are fully paid-up. The Company also has Options and Warrants. On May 12, 2006, the Company amended its Articles of Continuance to create a new class of shares to be designated Preferred Variable Voting Shares, with an authorized capital of an unlimited number of shares. The Preferred Variable Voting Shares do not have nominal or par value and when issued all of the Preferred Variable Voting Shares are fully paid-up.

The Company may, by special resolution of its shareholders, amend its articles to: change any maximum number of shares that the Company is authorized to issue; create new classes of shares; reduce or increase its stated capital, if its stated capital is set out in the articles; change the designation of all or any of its shares, and add, change or remove any rights, privileges, restrictions and conditions, including rights to accrued dividends, in respect of all or any of its shares, whether issued or unissued; change the shares of any class or series, whether issued or unissued, into a different number of shares of the same class or series or into the same or a different number of shares of other classes or series; divide or authorize the directors (or revoke, diminish or enlarge such authority) to divide a class of shares, whether issued or unissued, into series and fix the number of shares in each series and the rights, privileges, restrictions and conditions thereof; authorize the directors (or revoke, diminish or enlarge such authority) to change the rights, privileges, restrictions and conditions attached to unissued shares of any series; add, change or remove restrictions on the issue, transfer or ownership of shares; or add, change or remove any other provision that is permitted by the CBCA to be set out in the articles.

The holders of shares of a class are entitled to vote separately as a class on a proposal to amend the Company's articles to: effect an exchange, reclassification or cancellation of all or part of the shares of such class; add, change or remove the rights, privileges, restrictions or conditions attached to the shares of such class; increase the rights or privileges of any class of shares having rights or privileges equal or superior to the shares of such class; make any class of shares having rights or privileges inferior to the shares of such class equal or superior to the shares of such class; effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class; or constrain the issue, transfer or ownership of the shares of such class or change or remove such constraint. Additionally, the holders of shares of a class, except the holders of Common Shares of the Company pursuant to the Company's articles, are entitled to vote separately as a class on a proposal to amend the Company's articles to: increase or decrease any maximum number of authorized shares of such class, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the shares of such class; or create a new class of shares equal or superior to the shares of such class. The holders of shares of a series are entitled to vote separately as a series on any of the foregoing proposals if such series is affected by an amendment in a manner different from other shares of the same class.

Under the By-Laws, annual meetings must be held not later than 15 months after holding the last preceding annual meeting but no later than six months after the end of the Company's preceding financial year. The annual meeting of shareholders is held for the purpose of considering the financial statements and reports required by the CBCA to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting. The board of directors of the Company may call a special meeting of shareholders at any time. Annual or special meetings may be held at the registered office of the Company or elsewhere in Canada if the Company's board of directors so determines. Under the By-Laws, meetings of shareholders require 21 days notice of such meetings. Under the CBCA, the holders of not less than 5% of the issued shares of the Company that carry the right to vote at a meeting sought to be held may requisition the board of directors of the Company to call a meeting of shareholders for the purposes stated in the requisition. If the directors of the Company do not proceed to call a meeting within 21 days from the date they receive the requisition, any shareholder who signed the requisition may call the meeting. The accidental omission to give notice to a shareholder, the non-receipt of a notice by a shareholder, or any error in any notice not affecting the substance thereof, does not invalidate any action taken at any meeting held pursuant to such notice. Not less than two persons holding or representing by proxy not less than 33 1/3% of the issued and outstanding shares of the Company entitled to vote at a meeting constitute a quorum for such meeting. Subject to the CBCA, a question at a meeting of shareholders shall be decided by show of hands unless a ballot thereon is required by the chair of the meeting or demanded by any person who is present and entitled to vote on such question at the meeting. Unless a ballot is so demanded, a declaration by the chair of the meeting that the vote upon the question has been carried or carried by a particular majority or defeated and an entry to that effect in the minutes of the meeting shall be *prima facie* proof of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the question, and the result of the vote so taken shall be the decision of the shareholders upon the question. In the case of an equality of votes either upon a show of hands or upon a poll, the chair of the meeting is not entitled to a second or casting vote.

A person or company (and any director or officer of such company) who beneficially owns, directly or indirectly, or exercises control or direction over, securities of the Company (such as Common Shares) carrying 10% or more of votes attached to all securities of the Company is, like directors and officers of the Company, considered an "insider" of the Company. Insiders of the Company are subject to requirements under securities legislation in Canadian jurisdictions to report trades of shares and each acquisition of 2% or more of additional voting securities of the Company.

Common Shares

As at the date of the Annual Information Form, the Company had issued and outstanding 42,783,337 Common Shares. The Common Shares entitle the holders thereof to one vote per share: at meetings of the Company's shareholders; on any vote in respect of the Company's liquidation, dissolution or winding-up; on the sale, lease or exchange of all or substantially all of the Company's property; and as otherwise provided by applicable law. Holders of Common Shares participate in the Company's profit by way of the payments of dividends as may from time to time be declared and, subject to the nominal priority of holders of Preferred Variable Voting Shares, the return of capital in the event of the liquidation, dissolution or other distribution of the Company's assets for the purpose of winding up of the Company's affairs. There are no pre-emption, redemption, purchase or conversion rights attached to the Common Shares.

The international security identification number ("ISIN") and CUSIP number of the Common Shares are CA 2524061033 and 252406103, respectively. The Common Shares are in registered form.

Preferred Variable Voting Shares

In order to ensure that a majority of the Company's voting shares are owned by Canadians, on May 12, 2006 the Company was granted the approval of its shareholders for an amendment to its Articles of Continuance to create a new class of Preferred

Variable Voting Shares. The votes attached to the Preferred Variable Voting Shares as a class are automatically adjusted so that they, together with the votes attached to Common Shares that are owned by Canadians (as determined based on inquires the Company has made of the holders of Common Shares and depositary interests), equal 55% of the votes attached to all shares in the capital of the Company. The votes attached to the Preferred Variable Voting Shares as a class are, in aggregate, not less than 1% of the votes attached to all shares in the capital of the Company. The Preferred Variable Voting Shares will not be listed on any stock exchange.

The votes attached to the Preferred Variable Voting Shares as a class are determined based on the level of Canadian ownership of Common Shares ascertained through the company’s monitoring process. If no response to these inquiries is received from a particular broker or market intermediary, the Common Shares or depositary interests held by that broker or market intermediary will be deemed to be owned by non-Canadians. The votes attached to the Preferred Variable Voting Shares as a class are determined once the level of Canadian ownership of Common Shares has been established through this monitoring process.

The board of directors of the Company will not approve or compel a transfer to a person that is not a current officer of the Company and a Resident Canadian, and it is the current intention of the Company’s board of directors that all of the Preferred Variable Voting Shares be held by the individual that holds the position of Chief Executive Officer of the Company from time to time. The Company issued 100,000,000 Preferred Variable Voting Shares to the Company’s Chief Executive Officer, Michael Donovan, who entered into a Preferred Variable Voting Shareholders Agreement with the Company pursuant to which Michael Donovan (i) agreed not to transfer Preferred Variable Voting Shares, in whole or in part, except with the prior written approval of the board of directors of the Company, (ii) granted to the Company the unilateral right to compel the transfer of the Preferred Variable Voting Shares, at any time and from time to time, in whole or in part, to a person designated by the board of directors of the Company and (iii) granted to the Company a power of attorney to effect any transfers contemplated by the Preferred Variable Voting Shareholders Agreement. The board of directors of the Company will not approve or compel a transfer without first obtaining the approval of the TSX and the Preferred Variable Voting Shareholders Agreement cannot be amended, waived or terminated unless approved by the TSX. In determining whether to approve or compel a transfer, the board of directors of the Company will act in the best interests of the Company in order to enable the Company to be eligible for tax credits or government incentives. Pursuant to the Preferred Variable Voting Shareholders Agreement, the consideration received as a result of the transfer of Preferred Variable Voting Shares cannot exceed one/one millionth of a cent per share. Under the terms of the Preferred Variable Voting Shares, transfers of the shares will be restricted to Resident Canadians.

The Preferred Variable Voting Shares are redeemable at the option of the Company for one/one millionth of a cent per share and, in the event of the liquidation, dissolution or other distribution of the Company’s assets for the purpose of winding up of the Company’s affairs, holders of Preferred Variable Voting Shares are entitled to one/one millionth of a cent per share in priority to holders of Common Shares, but have no further rights. Preferred Variable Voting Shares will not be entitled to receive dividends. The terms of the Preferred Variable Voting Shares and the Preferred Variable Voting Shareholders Agreement contain a coattail provision which prevents a holder of Preferred Variable Voting Shares from accepting an offer to purchase all or part of the holder's shares unless the party making the offer also offers to purchaser, by way of a take-over bid, all of the outstanding Common Shares at a price per Common Share and on other terms and conditions as are approved by the Company's board of directors.

Class A Preferred Shares

On May 12, 2006 the Company was granted authorization from its shareholders to amend its Articles of Continuance to provide that all of the outstanding Class A Preferred Shares be automatically converted into Common Shares at the completion of the Company's initial public offering of Common Shares on May 19, 2006 on a one-for-one basis, and to remove the Class A Preferred Shares as a class of authorized shares effective upon conversion of the Class A Preferred Shares into Common Shares. The Company had granted to each holder of Class A Preferred Shares 0.1 Warrants for each Class A Preferred Share held in connection with this proposed amendment to the terms of the Class A Preferred Shares. Each whole Warrant entitled the holder to purchase one Common Share at $2.35 per Common Share on or before May 18, 2007. No such warrants were exercised.

ITEM 6. MARKET FOR SECURITIES

The Company's common shares are listed on the Toronto Stock Exchange and the AIM market of the London Stock Exchange. The monthly price ranges and volume for the year ended June 30, 2008 on the Toronto Stock Exchange are as follows:

DHX MEDIA LTD (Toronto:DHX)

PRICES

Date	Open	High	Low	Close	Avg Vol	Adj Close*
Sep-08	1.00	1.10	0.86	0.95	139,400	0.95
Aug-08	1.00	1.15	0.99	0.99	55,100	0.99
Jul-08	1.45	1.45	0.95	0.98	28,000	0.98
Jun-08	1.50	1.65	1.39	1.55	36,500	1.55
May-08	1.40	1.65	1.33	1.56	48,400	1.56
Apr-08	1.36	1.55	1.32	1.40	52,100	1.40
Mar-08	1.55	1.64	1.35	1.45	19,200	1.45
Feb-08	1.45	1.65	1.31	1.55	89,600	1.55
Jan-08	1.80	1.82	1.33	1.45	57900	1.45

Dec-07	1.65	1.88	1.50	1.85	40,400	1.85
Nov-07	1.75	1.85	1.45	1.65	50,200	1.65
Oct-07	1.75	1.93	1.70	1.80	19,500	1.80

DHX MEDIA LTD (London (AIM): DHX)

PRICES

Date	Open	High	Low	Close	Avg Vol	Adj Close*
Sep-08	52.50	52.50	51.50	51.50	0	51.50
Aug-08	49.00	52.50	49.00	52.50	0	52.50
Jul-08	71.50	71.50	49.00	49.00	0	49.00
Jun-08	78.50	79.00	71.50	71.50	0	71.50
May-08	70.00	78.50	70.00	78.50	0	78.50
Apr-08	70.50	73.50	70.00	70.00	100	70.00
Mar-08	80.00	80.00	70.50	70.50	100	70.50
Feb-08	70.00	80.00	70.00	80.00	100	80.00
Jan-08	91.50	91.60	70.00	70.00	0	70.00
Dec-07	87.50	91.50	82.50	91.50	0	91.50
Nov-07	91.50	91.50	87.50	87.50	0	87.50
Oct-07	78.50	91.50	78.50	91.50	2,600	91.50

Prior Sales of Shares

Common Shares

On incorporation of the Company on February 12, 2004, 100 Common Shares were issued to Michael Donovan at a price of $0.01 per Common Share. Between February 12, 2004 and the date of this prospectus, 14,087,268 Common Shares were issued to investors at prices ranging from $0.01 to $1.85 per Common Share. The following sets forth all of the issuances of Common Shares since incorporation to May 18, 2006: (1) between February 12, 2004 and June 25, 2004 10,000,000 Common Shares were issued at $0.01 each; (2) on June 30, 2004 1,302,500 Common Shares were issued at $1.00 each; (3) on July 29, 2004 1,362,500 Common Shares were issued at $1.00 each; (4) on August 25, 2004 160,000 Common Shares were issued at $1.00 each; (5) on October 18, 2004 25,000 Common Shares were issued at $1.00 each; (6) on December 15, 2004 19,718 Common Shares were issued at $1.00 each; (7) on January 24, 2005 5,000 Common Shares were issued at $1.00 each; (8) on February 15, 2005 20,646 Common Shares were issued at $1.00 each; (9)on May 15, 2005 21,070 Common Shares were issued at $1.00 each; (10) on June 16, 2005 1,053,266 Common Shares were issued at $1.85 each; (11) on June 30, 2005

67,568 Common Shares were issued at $1.85 each; and (12) on January 20, 2006 50,000 Common Shares were issued at $1.85 each.

Upon the closing of the Decode acquisition on May 19, 2006, the Company issued 5,793,011 Common Shares to the vendors of the shares of Decode as partial consideration for their shares in the capital of Decode.

The issuance of Common Shares on the closing of the initial public offering of Common Shares was approved by a resolution of the board of directors of the Company on May 9, 2006 and 8,702,500 shares were issued in connection thereto at a price of $2.35 per share on May 19, 2006.

On June 16, 2006 100, 000 Common Shares were issued at a price of $2.11 per share.

On December 18, 2006, the Company issued 225,000 common shares at $1.41 per share. The 225,000 common shares were issued to two directors and a former shareholder of Decode as partial payment for a note payable owing to them in connection with the purchase of their interest in Decode.

On November 13 and 14, 2007, the Company issued a combined 9,815,000 units ("Unit or Units") from the treasury at a price of $1.80 per Unit (the "Offering"). Each Unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $2.10 per common share, expiring on November 13, 2010.

On May 26, 2008, the Company issued 99,333 common shares at $1.51 per share. The 99,333 shares were issued to former shareholders of Bulldog in connection with the purchase of Bulldog.

On July 21, 2008, 67,552 common shares were issued to shareholders of imX in connection with the purchase of imX.

Class A Preferred Shares

Between June 15, 2005 and August 12, 2005 the Company issued an aggregate of 3,893,673 Class A Preferred Shares for gross proceeds of $7,203,300 or $1.85 per share, which shares were converted into Common Shares on closing of the initial public offering.

ITEM 7. DIRECTORS AND OFFICERS

The Company's board of directors is elected at each annual general meeting of shareholders. Additional directors may, within the maximum number permitted by the Articles of Continuance, be appointed by the board of directors of the Company, provided that the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders. The Company may have as few as three directors, at least two of whom cannot be officers or employees of the Company or its affiliates, and as many as ten directors. A director or officer of the Company must disclose to the Company, in the manner and to the extent provided by the CBCA, any interest that such director or officer has in a material contract or transaction, whether made or proposed, with the Company, if such director or officer (a) is a party to the contract or transaction; (b) is a director or an officer, or an individual acting in a similar capacity, of a party to the contract or transaction; or (c) has a material interest in a party to the contract or transaction. Such a director shall not vote on any resolution to approve the material contact or transaction except as allowed under the CBCA. Directors are paid such remuneration for their services as the board of directors of the Company may from time to time determine. Directors are entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board of directors of the Company or any committee thereof. Subject to the CBCA, the Company will indemnify a director or an officer, a former director or officer, or another individual who acts or acted at the Company's request as a director or officer, or an individual acting in a similar capacity, of another entity, and their heirs and legal representatives, against all costs and expenses reasonably incurred by the individual in respect of any civil, criminal or other proceeding in which the individual is involved because of that association with the Company, or other entity, if such individual (a) acted honestly and in good faith with a view to the best interests of the Company, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Company's request; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful. The board of directors of the Company may from time to time appoint a chair of the board of directors of the Company, a chief executive officer, a president, one or more vice-presidents, a secretary, a treasurer and such other officers as the board of directors of the Company may determine. The board of directors of the Company may from time to time specify the duties of each officer, delegate to him or her powers to manage any business or affairs of the Company (including the power to sub-delegate) and change such duties and powers, all insofar as not prohibited by the CBCA. The board of directors of the Company may, in its discretion, remove any officer of the Company. To the extent not otherwise so specified or delegated, and subject to the CBCA, the duties and powers of the officers of the Company shall be those usually pertaining to their respective offices. The board of directors of the Company has the power to approve offerings of authorized capital. The board of directors of the Company may appoint one or more committees of the board of directors of the Company and, subject to the CBCA, delegate to any such committee any of the powers of the board of directors of the Company.

The following table sets out, for each of the Company's directors and executive officers, the person's name, age, municipality of residence, positions with the Company, principal occupation and, if a director, the day, month and year in which the person became a director. The term of office for each of the directors will expire at the time of the Company's next annual shareholders meeting. The board of directors of the Company intends to appoint a resident of the UK as a non-executive director. The Company's current directors and officers own or exercise direction or control over a total of 14,269,482 Common Shares, representing 33% of the outstanding number of Common Shares.

Name and Municipality of Residence	Age	Offices with the Company	Principal Occupation	Director Since
MICHAEL PATRICK DONOVAN(1) Halifax, Nova Scotia, Canada	55	Chairman and Chief Executive Officer, DHX Media	Chief Executive Officer, DHX Media	February 12, 2004
CHARLES WILLIAM BISHOP(1) Halifax, Nova Scotia, Canada	51	Director and President, Halifax Film division of DHX Media, and Secretary, DHX Media	President, Halifax Film division of DHX Media	February 12, 2004
DANA SEAN LANDRY Halifax, Nova Scotia, Canada	37	Chief Financial Officer, DHX Media	Chief Financial Officer, DHX Media	N/A
STEVEN GRAHAM DENURE Toronto, Ontario, Canada	49	Director, President, Decode Entertainment Inc.	President, Decode Entertainment Inc.	May 19, 2006
NEIL ALEXANDER COURT, London, United Kingdom	49	Decode Enterprises, the distribution division of Decode Entertainment Inc.	President, Decode Enterprises, the distribution division of Decode Entertainment Inc.	May 19, 2006
DAVID ANDREW REGAN Halifax, Nova Scotia, Canada	39	Executive Vice President, Corporate Development, and IR, DHX Media	Executive Vice President, Corporate Development and Investor Relations, DHX Media	N/A
FLOYD ALFRED KANE Toronto, Ontario, Canada	37	Business Affairs, Halifax Film division of DHX Media	Vice President, Creative and Business Affairs, Halifax Film division of DHX Media	N/A
MARK GREGORY GOSINE, Halifax, Nova Scotia, Canada	41	Secretary and General Counsel, DHX Media	Secretary and General Counsel of DHX Media and Vice President of Legal Affairs of Halifax Film division of DHX Media	N/A
JOHN WILLIAM RITCHIE(2) Halifax, Nova Scotia, Canada	79	Director, DHX Media	Corporate director	February 12, 2004

SIR JUDSON GRAHAM DAY(1),(2) Hantsport, Nova Scotia, Canada	75	Lead Director, DHX Media	Corporate director	January 9, 2006
DONALD ARTHUR WRIGHT(2) Toronto, Ontario, Canada	60	Director, DHX Media	Corporate director	January 9, 2006
JOSEPH ALLEN MEDJUCK(2) Santa Barbara, California, USA	55	Director, DHX Media	Film producer	January 9, 2006

(1) Member of the Production Financing Committee.

(2) Member of the Audit Committee, Compensation Committee and the Nominating and Governance Committee.

Except as noted below, each of the Company's directors and executive officers has been engaged for more than five years in his or her present principal occupation or in other capacities with the company or organization (or predecessor) in which he or she currently holds his or her principal occupation.

Directors and Officers

Michael Patrick Donovan, the Chairman of the board of directors of the Company and Chief Executive Officer of DHX Media Ltd., has been recognized with numerous awards for his work in the television and film industry, including an Academy Award for the feature documentary Bowling for Columbine. Mr. Donovan co-founded and was a director of Salter Street Films, which was purchased by Alliance Atlantis in 2001. Mr. Donovan is a non-practicing member of the Barristers Society of Nova Scotia, was previously a member of the Board of the Academy of Canadian Cinema and Television, and is currently a member of the Board of NSCAD. Mr. Donovan holds a B.A. (1974), LL.B. (1977) and LL.D. (Hon) (2004) degrees from Dalhousie University.

Charles William Bishop, the President of the Halifax Film Division, produced the Academy Award winning feature documentary Bowling for Columbine and numerous television series such as the highly acclaimed CBC pre-school series *POKO*. Mr. Bishop operated his own production company, Charles Bishop Productions, for 18 years until 1998 when Charles Bishop Productions was sold to Salter Street Films. While with Salter Street Films, Mr. Bishop managed the company's production slate, including the notable series *Made in Canada / The Industry*, *Emily of New Moon*, *This Hour Has 22 Minutes* and *The Awful Truth*. In 2001 he accepted the position of production head, overseeing television series (fiction) worldwide for Alliance Atlantis. Mr. Bishop has three Canadian Gemini Awards and numerous international awards. He attended NSCAD and the Canadian Film Centre.

Steven Graham DeNure, President of Decode Entertainment Inc., is responsible for overseeing overall operations at Decode, including the development, production and financing of new projects. Mr. DeNure serves as Executive Producer on all of Decode's projects. Prior to co-founding Decode, Mr. DeNure was at Alliance Communications

Corporation for more than 10 years and served in a number of senior positions including President of Alliance Productions and President of Alliance Multimedia. During his tenure at Alliance Communications Corporation, Mr. DeNure was involved in the development, financing and production of all feature television and film projects (which included many US broadcaster commissions) and was responsible for the animation division, music-publishing division (TMP), and for merchandising and licensing. Mr. DeNure is a pioneer in CGI animation, having acted as Executive Producer of the groundbreaking *Reboot* and *Beast Wars* animation series. Mr. DeNure is Vice Chair of ACT, the Alliance for Children's Television, and serves on the board of the Canadian Film Centre. Mr. DeNure graduated from Simon Fraser University with a BA in Economics & Business Administration.

Neil Alexander Court, the London-based President of Decode Enterprises, the distribution division of Decode, brings 20 years of international co-production and development, programme financing, and international sales experience to the Company. Mr. Court serves as Executive Producer on Decode's productions and oversees Decode's distribution arm. Mr. Court was founding Managing Director of Nelvana Enterprises Inc., Nelvana Limited's international distribution and co-production arm, where he built the distribution division and put together over 200 episodes of co-productions. Prior to co-founding Decode, Mr. Court had his own UK-based international consultancy business that focused on helping American clients exploit the international television market. Mr. Court's key clients included The Jim Henson Company and L.A.-based Film Roman Inc., with which he focused on building their respective distribution departments and key international broadcast relationships. His other consultancy clients included major European and American media companies such as MCA, BMG and PolyGram. Mr. Court holds a Bachelor of Journalism degree from Carleton University in Ottawa and an MBA from York University in Toronto.

John William Ritchie, a non-executive director of DHX Media, has over 50 years of experience in the Canadian financial community. Mr. Ritchie is a former director of Empire Co. Ltd., Sobeys Inc. and Salter Street Films. Mr. Ritchie also co-owned and operated Scotia Bond Company Limited, an Atlantic Canadian-based, regional investment dealer, from 1963 to 1990. Scotia Bond was a member of the Toronto and Montreal stock exchanges and was sold to a national investment dealer in 1990.

Sir Judson Graham Day, a non-executive and Lead Director of DHX Media, is Counsel to the Atlantic Canada law firm of Stewart McKelvey Stirling Scales. He is a director of The CSL Group Inc., and Scotia Investments Limited. He has served as Chairman of the board of directors of Sobeys Inc., Cadbury Schweppes plc, PowerGen plc, British Aerospace plc and Hydro One Inc., as well as lead director of The Bank of Nova Scotia. Sir Graham Day is a Fellow of the Institute of Corporate Directors of Canada and a Companion of the Chartered Management Institute in the United Kingdom. He is Chancellor Emeritus of Dalhousie University, was knighted in 1989 by Queen Elizabeth II for services to British industry and was recently elected to the Canadian Business Hall of Fame.

Donald Arthur Wright is a non-executive director of DHX Media. His career in the investment industry has spanned over 30 years. He has held senior positions with domestic and global firms working both in Canada and internationally. His vast experience includes the positions of Chairman and Chief Executive Office of TD Securities Inc. from 1998 to 2002 and Deputy Chairman of TD Bank Financial Group from 2001 to 2002. Since retiring from TD Bank Financial Group in November 2002, he has been involved in private and public equity investments. Currently he is the President and CEO of The Winnington Capital Group Inc., an Investment Counsel & Portfolio Management company. Mr. Wright is the Chairman of the Board of Directors of VIA Rail Canada Inc., Fralex Therapeutics Inc. and Richards Packaging Inc. He is the Chairman of the Board of Trustees of Richards Packaging Income Fund, a member of the Board of Trustees of GMP Capital Trust and a member of the Board of Directors of Black Bull Resources Inc., DHX Media Ltd. and Saxon Energy Services Inc. He actively supports numerous charitable organizations and is a member of the Board of Trustees of The Hospital for Sick Children, a member of the Royal Ontario Museum Governors' Finance Committee and a member of the Campaign Cabinet of the CAMH Foundation.

Joseph Allen Medjuck, a non-executive director of DHX Media, is a producer living in Montecito, California whose recent films include *Old School, Road Trip* and *Disturbia*. Mr. Medjuck was executive producer of *Legal Eagles, Twins, Ghostbusters II, Kindergarten Cop, Dave, Junior, Private Parts, Father's Day* and *Six Days/Seven Nights*. He was a producer on the films *Big Shots, Beethoven, Beethoven's 2nd, Commandments,* and the live-action/animated feature *Space Jam*. His television producing credits include the cartoon shows *The Real Ghostbusters*, and *Mummies Alive* as well as the Emmy nominated HBO film *The Late Shift*. Mr. Medjuck holds a B.A. (Hon.) in English from McGill University and a Masters and PhD from the University of Toronto, where he subsequently taught. In addition to the experience outlined above Mr. Medjuck has acquired significant knowledge of financing principles in his role as a film and television producer.

Other Officers

Dana Sean Landry, Chief Financial Officer of DHX Media Ltd., has most recently been CFO, General Manager and Corporate Secretary for SolutionInc Technologies Limited ("SolutionInc"), a public technology company traded on the TSX Venture Exchange. Before joining SolutionInc, Mr. Landry was a financial advisor to Collideascope Digital Productions Inc., an integrated television and new media production company and President and Chief Financial Officer of imX communications Inc. ("imX"), a feature film, MOW and television production company. Mr. Landry began his career at Doane Raymond, Chartered Accountants (now Grant Thornton LLP) and then moved on to PwC where he had extensive involvement with the successful initial public offering of Salter Street Films.

David Andrew Regan, Executive Vice President, Corporate Development and Investor Relations of DHX Media, is responsible for the Company's corporate finance and development activities. Prior to working with DHX Media, Mr. Regan held positions with VI Associates, A.T. Kearney's New York Financial Institutions Group and Export Development Corporation. In these positions he worked with clients in the entertainment and financial services industries throughout North America, Europe and Asia to provide financing, corporate development and business strategy advisory services. Mr. Regan holds an MBA from INSEAD in Fontainebleau, France, and a BBA Honours degree from St. Francis Xavier University in Nova Scotia.

Floyd Alfred Kane, Vice President, Creative and Business Affairs of the Halifax Film division of DHX Media, is responsible for all production business and legal affairs of Halifax Film Division of DHX Media. Prior to joining the Company in April 2004, Mr. Kane was Legal Counsel for Salter Street Films and served as Production Executive for numerous projects including Michael Moore's feature documentary *Bowling For Columbine* and television shows *Chasing Cain, Lexx IV* and *POKO*. Mr. Kane is active in the television and film community in the Atlantic Region, and serves on the executive of the Nova Scotia Film and Television Producers Association and is on the board of the AFCOOP.

Mark Gregory Gosine, Secretary and General Counsel of DHX Media and Vice President of Legal Affairs for Halifax Film, is responsible for all corporate legal affairs of DHX Media as well as corporate, production legal and business affairs of the Halifax Film division of DHX Media. Prior to joining Halifax Film in April 2006, Mr. Gosine was in private practice primarily focused in the areas of corporate commercial law and litigation. Mr. Gosine completed the jazz studies program at St. Francis Xavier University, a B.A. Honours degree from Saint Mary's University and an LL.B. from Dalhousie University. Mr. Gosine serves on the board of the Nova Scotia Youth Orchestra and the Atlantic Jazz Festival.

The following chart sets forth the companies and partnerships (other than the Company and its subsidiaries) of which a director or of the Company is, or has in the past five years been, a director or partner:

Director	**Past Directorships and Partnerships**	**Current Directorships and Partnerships**
MICHAEL PATRICK DONOVAN	Salter Street Films Queen Street Entertainment Capital Inc.	3124518 Nova Scotia Limited Media Fund
CHARLES WILLIAM BISHOP	—	2524277 Nova Scotia Limited Media Fund
STEVEN GRAHAM DENURE	—	2096595 Ontario Inc Cineapse Productions Inc.
NEIL ALEXANDER COURT	—	Griffins 001 Limited

JOHN WILLIAM RITCHIE	Salter Street Films Queen Street Entertainment Capital Inc. Sobeys Inc. 1X Inc. Empire Company Limited CrossOff Inc. Trident Gaming Plc imX Communications	e-academy Inc. Sampling Technologies Inc.
SIR JUDSON GRAHAM DAY	Sobeys Inc. Assisted Living Concepts LLC Acadia Seaplants Limited Bank of Nova Scotia Empire Company Limited Extendicare Inc. Jacques Whitford Group Limited Moosehead Breweries Limited The Shaw Group Limited	The CSL Group Inc. Scotia Investments Limited Minas Basin Pulp and Power Limited
DONALD ARTHUR WRIGHT	—	Black Bull Resources Inc. Fralex Therapeutics Inc. GMP Capital Trust Richards Packaging Income Fund (Chairman of the Board of Trustees) Richards Packaging Inc. Saxon Energy Services Inc. VIA Rail Canada Inc. - Chairman of the Board
JOSEPH ALLEN MEDJUCK	—	Montecito Picture Company Limited Sussex Avenue Productions Inc

Directors' Interests in Common Shares

The interests (all of which are beneficial, unless otherwise stated) of the Company's directors, their immediate families and persons connected with them, in Common Shares and options or warrants to acquire Common Shares are as follows:

Name	Common Shares Owned	Common Shares under Options/Warrants
Michael Donovan	6,952,027	40,000
Charles Bishop	2,541,178	40,000
J. William Ritchie	547,330	140,000
Sir Graham Day	50,000	140,000
Donald Wright	135,135	140,000
Joseph Medjuck	Nil	140,000
Steven DeNure	1,846,314	75,000
Neil Court	1,846,314	40,000

There are no directors of the Company or members of their immediate families or affiliated companies or trusts who, at the date hereof, have any financial product (including, a contract for difference or a fixed odds bet) whose value in whole or part is determined directly or indirectly by reference to the price of the Common Shares.

Committees of the Board of Directors

The board of directors of the Company has established an audit committee, a compensation committee, a nominating and corporate governance committee and a production financing committee. Each of the committees has adopted a written charter establishing its role and responsibilities.

Audit Committee

The audit committee assists the board of directors of the Company in fulfilling its responsibilities for oversight and supervision of financial and accounting matters. These responsibilities include oversight of the quality and integrity of the Company's internal controls and procedures, reviewing annual and quarterly financial statements and related management discussion and analysis, engaging the external auditor and approving independent audit fees and considering the recommendations of the independent auditor, monitoring the Company's compliance with legal and regulatory requirements related to financial reporting and examining improprieties or suspected improprieties with respect to accounting and other matters that impact financial reporting. The audit committee has the authority to retain outside counsel or experts to assist the Committee in performing its functions. The Company's audit committee is chaired by Donald Wright and currently composed of Sir Graham Day, Joseph Medjuck and J. William Ritchie each of whom is an unrelated independent director. A copy of the audit committee charter is attached as Schedule "A" to this annual information form. Each of the members of the Audit Committee is "independent" and "financially literate" within the meaning of Multilateral Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators. For a description of the relevant education and experience of the Audit Committee members, see "*Directors and Officers*".

The following table outlines the audit, audit-related, tax and other fees billed to the Company by its external auditor, Pricewaterhouse Coopers, in each of the fiscal years ended June 30, 2007 and June 30, 2008.

Fees	**Fiscal Year ended June 30, 2007**	**Fiscal Year ended June 30, 2008**
Audit Fees	$245,028	$340,000
Tax Fees	$6,135	$45,314
All Other Fees	$22,800	$163,254
Total	**$273,963**	**$548,568**

Compensation Committee

The compensation committee ensures that the Company has high calibre executive management in place and a total compensation plan that is competitive, motivating and rewarding for participants. The compensation committee reviews and makes recommendations to the Company's board of directors regarding the appointment of the Company's executive officers, and the establishment of, and any material changes to, executive compensation programmes, including that of the Chief Executive Officer. The compensation committee also oversees and administers the Company's employee compensation and benefits plans. The compensation committee is responsible for reviewing and recommending to the board of directors of the Company the terms of compensation of directors. The compensation committee is chaired by J. William Ritchie and currently composed of Sir Graham Day, Donald Wright and Joseph Medjuck.

Nominating and Governance Committee

The nominating and governance committee assists the board of directors of the Company in identifying candidates for the board of directors of the Company and in developing and implementing effective corporate governance principles for the Company. The committee is responsible for establishing a code of conduct and ethics for the Company and for overseeing the Company's policy on insider trading. The nominating and governance committee also evaluates the effectiveness of the board of directors of the Company as a whole, each committee of the board of directors of the Company and the contribution of individual directors. The nominating and governance committee is chaired by Sir Graham Day and is currently composed of Donald A. Wright, J. William Ritchie and Joseph Medjuck.

Production Financing Committee

The production and financing committee consists of Michael Donovan, Charles Bishop and Sir Graham Day and has the authority to approve, execute and authorize all film and television production financing.

ITEM 8. PROMOTERS

Michael Donovan and Charles Bishop may be considered promoters of the Company within the meaning of Canadian provincial securities legislation by virtue of their initiative in founding the business of the Company.

ITEM 9. LEGAL PROCEEDINGS

The Company is involved in legal proceedings incidental to the ordinary course of business.

ITEM 10. RISK FACTORS

The following are the specific and general risks that could affect the Company that each reader should carefully consider. Additional risks and uncertainties not presently known to the Company or that the Company does not currently anticipate will be material, may impair the Company's business operations and its operating results and as a result could materially impact its business, results of operations, prospects and financial condition.

Risks Related to the Nature of the Entertainment Industry

The entertainment industry involves a substantial degree of risk. Acceptance of entertainment programming represents a response not only to the production's artistic components, but also the quality and acceptance of other competing programs released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions, public tastes generally and other intangible factors, all of which could change rapidly or without notice and cannot be predicted with certainty. There is a risk that some or all of the Company's programming will not be purchased or accepted by the public generally, resulting in a portion of costs not being recouped or anticipated profits not being realized. There can be no assurance that revenue from existing or future programming will replace loss of revenue associated with the cancellation or unsuccessful commercialization of any particular production.

Risks Related to Television and Film Industries

Because the performance of television and film programs in ancillary markets, such as home video and pay and free television, is often directly related to reviews from critics and/or television ratings, poor reviews from critics or television ratings may negatively affect future revenue. The Company's results of operation will depend, in part, on the experience and judgment of its Management to select and develop new investment and production opportunities. The Company cannot make assurances that the Company's films and television programs will obtain favourable reviews or ratings, that its films will perform well in ancillary markets or that broadcasters will license the rights to broadcast any of our film and television programs in development or renew licenses to broadcast film and television programs in our library. The failure to achieve any of the foregoing could have a material adverse effect on the Company's business, results of operations or financial condition.

Licensed distributors' decisions regarding the timing of release and promotional support of the Company's films, television programs and related products are important in determining the success of these films, programs and related products. The Company does not control the timing and manner in which our licensed distributors distribute our films, television programs or related products. Any decision by those distributors not to distribute or promote one of the Company's films, television programs or related products or to promote competitors' films, programs or related products to a greater extent than they promote the Company's could have a material adverse effect on the Company's business, results of operations or financial condition.

Risks Related to Doing Business Internationally

The Company distributes films and television productions outside Canada through third party licensees and derives revenues from these sources. As a result, the Company's business is subject to certain risks inherent in international business, many of which are beyond its control. These risks include: changes in local regulatory requirements, including restrictions on content; changes in the laws and policies affecting trade, investment and taxes (including laws and policies relating to the repatriation of funds and to withholding taxes); differing degrees of protection for intellectual property; instability of foreign economies and governments; cultural barriers; wars and acts of terrorism; and the spread of avian flu or other widespread health hazard.

Any of these factors could have a material adverse effect on the Company's business, results of operations or financial condition.

Loss of Canadian Status

The Company could lose its ability to exploit Canadian government tax credits and incentives described above if it ceases to be "Canadian" as defined under the *Investment Canada Act*. In particular, the Company would not qualify as a Canadian if Canadian nationals cease to beneficially own shares of the Company having more than 50% of the combined voting power of its outstanding shares. In Canada and under international treaties, under applicable regulations, a program will qualify as a Canadian-content production if, among other things: (i) it is produced by Canadians with the involvement of Canadians in principal functions; and (ii) a substantial portion of the budget is spent on Canadian elements. As well, substantially all of the Company's programs are contractually required by broadcasters to be certified as "Canadian". In the event a production does not qualify for certification as Canadian, the Company would be in default under any government incentive and broadcast licenses for that production. In the event of such default, the broadcaster could refuse acceptance of the Company's productions. See "Business of the Company — Regulatory Considerations — Maintaining Canadian Control".

Competition

Substantially all of the Company's revenues are derived from the production and distribution of television and film programs. The business of producing and distributing television and film programs is highly competitive. The Company faces intense competition with other producers and distributors, many of whom are substantially larger and have greater financial, technical and marketing resources than the Company. The Company competes with other television and film production companies for ideas and storylines created by third parties as well as for actors, directors and other personnel required for a production. The Company may not be successful in any of these efforts which may adversely affect business, results of operations or financial condition.

The Company intends to increase its penetration of the prime-time television network market. The Company competes for time slots with a variety of companies which produce televised programming. The number of network prime-time slots remains limited (a “slot” being a broadcast time period for a program), even though the total number of outlets for television programming has increased over the last decade. Competition created by the emergence of new broadcasters has generally caused the market shares of the major networks to decrease. Even so, the licence fees paid by the major networks remain the most lucrative. As a result, there continues to be intense competition for the time slots offered by those networks. There can be no assurance that the Company will be able to increase its penetration of the prime-time network market or obtain favourable stats, the failure to do so may have negative impact on the Company’s business.

Limited Ability to Exploit Filmed and Television Content Library

The Company depends on a limited number of titles for the majority of the revenues generated by its film and television content library. In addition, many of the titles in its library are not presently distributed and generate substantially no revenue. If the Company cannot acquire new products and rights to popular titles through production, distribution agreements, acquisitions, mergers, joint ventures or other strategic alliances, it could have a material adverse effect on its business, results of operations or financial condition.

Protecting and Defending Against Intellectual Property Claims

The Company’s ability to compete depends, in part, upon successful protection of its intellectual property. Furthermore, the Company’s revenues are dependent on the unrestricted ownership of its rights to television and film productions. Any successful claims to the ownership of these intangible assets could hinder the Company’s ability to exploit these rights. The Company does not have the financial resources to protect its rights to the same extent as its competitors. The Company attempts to protect proprietary and intellectual property rights to its productions through available copyright and trademark laws in a number of jurisdictions and licensing and distribution arrangements with reputable international companies in specific territories and media for limited durations. Despite these precautions, existing copyright and trademark laws afford only limited practical protection in certain countries in which the Company may distribute its products and in other jurisdictions no assurance can be given that challenges will not be made to the Company’s copyright and trade-marks. In addition, technological advances and conversion of motion pictures into digital format have made it easier to create, transmit and share unauthorized copies of motion pictures, DVDs and television shows. Users may be able to download and distribute unauthorized or “pirated” copies of copyrighted material over the Internet. As long as pirated content is available to download digitally, some consumers may choose to digitally download material illegally. As a result, it may be possible for unauthorized third parties to copy and distribute the Company’s productions or certain portions or applications of its intended productions, which could have a material adverse effect on its business, results of operations or financial condition.

Litigation may also be necessary in the future to enforce the Company's intellectual property rights, to protect its trade secrets, or to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such litigation could result in substantial costs and the diversion of resources and could have a material adverse effect on the Company's business, results of operations or financial condition. The Company cannot provide assurances that infringement or invalidity claims will not materially adversely affect its business, results of operations or financial condition. Regardless of the validity or the success of the assertion of these claims, the Company could incur significant costs and diversion of resources in enforcing its intellectual property rights or in defending against such claims, which could have a material adverse effect on the Company's business, results of operations or financial condition.

Fluctuating Results of Operations

Results of operations for any periods are significantly dependent on the number and timing of television programs and films delivered or made available to various media. Consequently, the Company's results of 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. Although traditions are changing, due in part to increased competition from new channels, industry practice is that broadcasters make most of their annual programming commitments between February and June in order that new programs can be ready for telecast at the start of the broadcast season in September, or as mid-season replacements in January. Because of this annual production cycle, DHX Media's revenues are not earned on an even basis throughout the year. Results from operations fluctuate materially from quarter to quarter and the results for any one quarter are not necessarily indicative of results for future quarters.

Raising Additional Capital

The Company is likely to require capital in the future, as to meet additional working capital requirements, capital expenditures or to take advantage of investment or acquisition opportunities. Accordingly, it may need to raise additional capital in the future. The Company's ability to obtain additional financing will be subject to a number of factors including market conditions and its operating performance. These factors may make the timing, amount, terms and conditions of additional financing unattractive or unavailable for the Company. If the Company raises additional funds by issuing equity securities, the relative equity ownership of its existing investors could be diluted or new investors could obtain terms more favourable than previous investors. If the Company raises additional funds through debt financing it could incur significant borrowing costs. If the Company is unable to raise additional funds when needed, or on terms acceptable to the Company, its ability to operate and grow its business could be impeded.

Concentration Risk

Revenue may originate from disproportionately few productions and broadcasters. The value of the Common Shares may be substantially adversely affected should the Company lose the revenue generated by any such production or broadcaster.

Reliance on Key Personnel

The Company is substantially dependent upon the services of certain key personnel, particularly Michael Donovan and Charles Bishop, Steven DeNure and Neil Court. The loss of the services of any one or more of such individuals could have a material adverse effect on the business, results of operations or financial condition of the Company. The Company maintains key man life insurance in respect of each of Michael Donovan, Charles Bishop, Steven DeNure and Neil Court pursuant to which the Company will receive $8.0 million, $3.5 million, $4.0 million and $4.0 million, respectively, upon the death of the relevant individual. Each of Mr. Donovan and Mr. Bishop, Mr. DeNure and Mr. Court is under contract to the Company until 2009.

Market Share Price Fluctuation

The market price of the Company’s Common Shares may be subject to significant fluctuation in response to numerous factors, including variations in its annual or quarterly financial results or those of its competitors, changes by financial research analysts in their recommendations or estimates of the Company’s earnings, conditions in the economy in general or in the broadcasting, film or television sectors in particular, unfavourable publicity or changes in applicable laws and regulations, exercise of the Company’s outstanding options and/or warrants, or other factors. Moreover, from time to time, the stock markets on which the Company’s Common Shares will be listed may experience significant price and volume volatility that may affect the market price of the Company’s common shares for reasons unrelated to its economic performance. No prediction can be made as to the effect, if any, that future sales of Common Shares or the availability of common shares for future sale (including Common Shares issuable upon the exercise of stock options) will have on the market price of the Common Shares prevailing from time to time. Sales of substantial numbers of Common Shares, or the perception that such sales could occur, could adversely affect the prevailing price of the Company’s common shares.

Risks Associated with Acquisitions and Joint Ventures

The Company has made or entered into, and will continue to pursue, various acquisitions, business combinations and joint ventures intended to complement or expand its business. The Company has no present agreements or commitments to enter into any such material transactions. Any indebtedness incurred or assumed in any such transaction may or may not increase the Company’s leverage relative to its earnings before interest, provisions for income taxes, amortization, minority interests, gain on dilution of investment in subsidiary and discounted operation, or EBITDA, or relative to its equity capitalization, and any equity issued may or may not be at prices dilutive to its then existing shareholders. The Company may encounter difficulties in integrating acquired assets with its operations. Furthermore, the Company may not realize the benefits it anticipated when it entered into these transactions. In addition, the negotiation of potential acquisitions, business combinations or joint ventures as well as the integration of an acquired business could require the Company to incur significant costs and cause diversion of Management's time and resources. Future acquisitions could also result in impairment of goodwill and other intangibles, development write-offs and other acquisition-related expenses.

Although the Company has no current commitments with respect to future acquisitions, the Company may use a portion of the proceeds of this offering to establish or acquire expanded distribution capacity, production capacity, and product libraries. There can be no assurance that appropriate acquisitions or expansion opportunities will be identified or available; that the Company will have or be able to obtain sufficient financing or acceptable terms to fund any such acquisition or expansion; that any such acquisition or expansion will be consummated, or, if consummated, the timing thereof; or that any such acquisition or expansion can be successfully integrated into or with the Company's existing operations and business strategy and ultimately prove beneficial to the Company.

Any of the foregoing could have a material adverse effect on the Company's business, results of operations or financial condition.

Potential for Budget Overruns and Other Production Risks

A production's costs may exceed its budget. Unforeseen events such as labour disputes, death or disability of a star performer, changes related to technology, special effects or other aspects of production, shortage of necessary equipment, damage to film negatives, master tapes and recordings, or adverse weather conditions, or other unforeseen events may cause cost overruns and delay or frustrate completion of a production. Although the Company has historically completed its productions within budget, there can be no assurance that it will continue to do so. The Company currently maintains insurance policies and when necessary, completion bonds, covering certain of these risks. There can be no assurance that any overrun resulting from any occurrence will be adequately covered or that such insurance and completion bonds will continue to be available or, if available on terms acceptable to the Company. DHX Media has never made a material claim on its insurance or called on a completion bond. In the event of budget overruns, the Company may have to seek additional financing from outside sources in order to complete production of a television program. No assurance can be given as to the availability of such financing or, if available on terms acceptable to the Company. In addition, in the event of substantial budget overruns, there can be no assurance that such costs will be recouped, which could have a significant impact on the Company's results of operations or financial condition.

Management Estimates in Revenues and Earnings

The Company makes numerous estimates as to its revenues and matching production and direct distribution expenses on a project by project basis. As a result of this accounting policy, earnings can widely fluctuate if Management has not accurately forecast the revenue potential of a production.

Stoppage of Incentive Programs

There can be no assurance that the local cultural incentive programs which DHX Media may access in Canada and internationally from time to time, including those sponsored by various European, Australian and Canadian governmental agencies, will not be reduced, amended or eliminated. Any change in the policies of those countries in connection with their incentive programs may have an adverse impact on DHX Media's business, results of operation or financial condition.

Financial Risks Resulting from the Company's Capital Requirements

The production, acquisition and distribution of films and television programs require a significant amount of capital. The Company cannot provide assurance that it will be able to continue to successfully implement financing arrangements or that it will not be subject to substantial financial risks relating to the production, acquisition, completion and release of future films and television programs. If the Company increases (through internal growth or acquisition) its production slate or its production budgets, it may be required to increase overhead, make larger up-front payments to talent, and consequently bear greater financial risks. The occurrence of any of the foregoing could have a material adverse effect on the Company's business, results of operations or financial condition.

Government Incentive Program

In addition to license fees from domestic and foreign broadcasters and financial contributions from co-producers, the Company finances a significant portion of its production budgets from federal and provincial governmental agencies and incentive programs, including the Canadian Television and Cable Production Fund, the provincial film equity investment programs, federal tax credits and provincial tax credits. The tax credits are considered part of the Company's equity in any production for which they are used as financing. There can be no assurance that individual incentive programs available to the Company will not be reduced, amended or eliminated or that the Company or any production will qualify for them, any of which may have an adverse effect on the Company's business, results of operations or financial condition.

Changes in Regulatory Environment

At the present time, the film industry is subject to a regulatory environment. The Company's operations may be affected in varying degrees by future changes in the regulatory environment. Any change in the regulatory environment could have a material adverse affect on the Company's revenues and earnings.

Litigation

Governmental, legal or arbitration proceedings may be brought or threatened against the Company in the future. Regardless of their merit, any such claims could be time consuming and expensive to evaluate and defend, divert management's attention and focus away from the business and subject the Company to potentially significant liabilities.

Technological Change

Technological change may have a materially adverse effect on the Company's business, results of operations and financial condition. The emergence of new production or CGI technologies, or a new digital television broadcasting standard, may diminish the value of the Company's existing equipment and programs. Although the Company is committed to production technologies such as CGI and digital post-production, there can be no assurance that it will be able to incorporate other new production and post-production technologies which may become de facto industry standards. In particular, the advent of new broadcast standards, which may result in television programming being presented with greater resolution and on a wider screen than is currently the case, may diminish the evergreen value of the Company's programming library because such productions may not be able to take full advantage of such features. There can be no assurance that the Company will be successful in adapting to these changes on a timely basis.

Labour Relations

Many individuals associated with the Company's projects are members of guilds or unions which bargain collectively with producers on an industry-wide basis from time to time. While the Company has positive relationships with the guilds and unions in the industry, a strike or other form of labour protest affecting those guilds or unions could, to some extent, disrupt production schedules which could result in delays and additional expenses.

Exchange Rates

The returns to the Company from foreign exploitations of its properties are customarily paid in US currency and, as such, may be affected by fluctuations in the exchange rate of the US dollar. Currency exchange rates are determined by market factors beyond the control of the Company and may vary substantially during the course of a production period. In addition, the ability of the Company to repatriate to Canadian funds arising in connection with foreign exploitation of its properties may also be adversely affected by currency and exchange control regulations imposed by the country in which the production is exploited. At present, the Company is not aware of any existing currency or exchange control regulations in any country in which the Company currently contemplates exploiting its properties which would have an adverse effect on the Company's ability to repatriate such funds. Where appropriate, the Company will hedge its foreign exchange risk through the use of derivatives.

ITEM 11. AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company's auditors are PricewaterhouseCoopers LLP 1809 Barrington Street, Suite 600, Halifax, Nova Scotia, B3J 3K8, Canada. PricewaterhouseCoopers LLP is registered with the Institute of Chartered Accountants of Nova Scotia and has entered into an agreement with the Canadian Public Accountability Board.

The transfer agent and registrar for the Company's Common Shares in Canada is Computershare Investor Services Inc. at its principal offices at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Canada.

ITEM 12. MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which the Company has entered into within the past year or which are still in effect:

- the lock-up agreements with Michael Donovan, Charles Bishop, Steven DeNure, Neil Court, Beth Stevenson and John Delmage described under "Plan of Distribution – Lock-up Arrangements" contained in the Supplemented PREP Prospectus dated May 12, 2006 on file at SEDAR.com;

- the Media Fund Shareholder Agreement described under "Options and Warrants to Purchase Securities – Put Options of Shareholders of Media Fund" contained in the Supplemented PREP Prospectus dated May 12, 2006 on file at SEDAR.com;

- the Preferred Variable Voting Shareholders Agreement described under "Description of Share Capital – Preferred Variable Voting Shares" and "Regulatory Considerations – Maintaining Canadian Control" " contained in the Supplemented PREP Prospectus dated May 12, 2006 on file at SEDAR.com;

- the Studio B Purchase Agreement described in the Material Change Report dated December 4, 2007 on file at SEDAR.com;

ITEM 13. ADDITIONAL INFORMATION

Additional information relating to DHX Media Ltd. may be found on SEDAR at www.sedar.com.

Additional financial information is provided in the Financial Statements.