Company Registration No. 2936337

BOOMERANG PLUS PLC

Report and Financial Statements

31 May 2011

REPORT AND FINANCIAL STATEMENTS 2011

CONTENTS

BOOMERANG PLUS PLC

WHO ARE WE

Boomerang Plus Plc ("Boomerang+") is one of the United Kingdom's largest independent media companies based outside London.

Utilising our integrated production and post-production facilities, we create entertainment, factual, sport, music, drama and children's content across a range of platforms for both traditional broadcasters and increasingly for corporate clients.

This position has been reached by a strong management team which has brought together the creative and business expertise of a wide variety of media talent. We are pleased to report another successful year for Boomerang Group for the year ended 31 May 2011.

FINANCIAL HIGHLIGHTS

- Revenue of £26.93m (2010 - £21.41m), an increase of 25.8%.
- Gross profit of £4.55m (2010 - £3.50m), an increase of 30.2%.
- Adjusted EBITDA** of £1.93m (2010 - £1.27m), an increase of 52.5%
- Adjusted operating profit* of £1.17m (2010 - £0.78m), an increase of 50.5%.
- Profit before tax of £1.02m (2010 - £0.54m), an increase of 90.7%.
- Adjusted basic EPS* up 20.7% to 6.60p (2010: 5.47p).
- Cash and cash equivalents down to £2.59m (2010 - £3.07m) due to capital investment programme.

OPERATIONAL HIGHLIGHTS

- Continued progress in diversifying the Group's customer base.
- Successful integration of Indus Films Limited, acquired in October 2009.
- Continued organic growth of Advertiser Funded Programming ("AFP").
- First two contracts from Disney awarded during the year.
- 659 hours of television programming in calendar year 2010 (2009 – 428).

OUTLOOK

- Post year-end acquisition of Oxford Scientific Films.
- Post year-end acquisition of Harlequin Talent Agency, through a joint venture with Bryn Terfel.
- Increasing commitment to, and opportunities from, Nations commissioning from Network broadcasters.
- Strong balance sheet to support future growth with net assets of £9.5 m and no net bank debt.
- A strong start to trading in the 2012 financial year .

** adjusted for professional fees in relation to corporate transactions (2011 - £0.02m, 2010 - £0.07m), provision for impairment of investments (2011 - £nil, 2010 - £0.07m), amortisation of intangible assets arising on business acquisitions (2011 - £nil , 2010 - £0.02m), and share-based payments (2011 - £nil , 2010 - £0.01m).*

***adjusted operating profit as defined above before depreciation (2011 - £0.72m, 2010 - £0.45m) and other amortisation (2011 - £0.04m, 2010 - £0.04m).*

CHAIRMAN'S REPORT

I am pleased to report on a very successful year for the Boomerang group, both financially and strategically. The results for the year ended 31 May 2011, a full review of which can be found in the Business Review section on pages 3 to 5, show strong growth in revenue and profitability and further good progress in diversifying the group's customer base both organically and through acquisition.

In spite of the challenging macro economic conditions, the UK independent production sector continues to grow and is now worth over £2.2 billion. As competition for viewers between the multiplicity of channels has grown, so the search for new ideas and formats has increasingly been led by the independent sector with about half of expenditure on UK originated content in 2010 going to independent production companies. In addition, much of this content is now being successfully exploited in overseas markets and across multiple platforms, providing production companies with valuable IP that can generate ongoing revenue for years to come. The past few years have seen notable success for UK independents in the US market where UK-originated formats can be found across many of the major broadcasters' schedules.

The Board's strategy has been to invest in IP strong businesses with global footprints and the group is now seeing the benefits of this. The year under review includes a full year trading from Indus Films (acquired in October 2009) with its range of internationally acclaimed programmes, including Amazon and Arctic. The post year end acquisition of the trade and assets of Oxford Scientific Films (OSF), with its strong track record in factual programming for the global market and its award-winning creative team, is a further successful execution of our strategy.

In addition, the group has made further excellent progress with its organic-led diversification. In particular, we have seen strong growth in Advertiser Funded Programming (AFP) and made significant inroads into Network broadcasters. We are one of the market leaders in AFP and continue to see growth opportunities from a broad range of UK and global client brands seeking compelling digital media content with which to engage their customers across multiple platforms. Changes to product placement rules, pressure on programming budgets and widening distribution platforms are providing a strong base for growth which our talented team is well-placed to exploit.

As previously reported, the Government's Comprehensive Spending Review has led to reduced programming budgets for S4C which will inevitably impact production companies in Wales, and Boomerang. The growth in AFP and diversification from acquisitions will help offset the impact of this reduction and, at the same time, we are benefitting from increased commissioning from Network Broadcasters in the Nations, particularly from BBC and Channel 4.

In addition, the group has enjoyed the benefits of our vertically-integrated production model with our facilities and post-production businesses seeing increased levels of activity from both external and internal clients, with a consequent benefit to gross margin.

The company continues to have a strong balance sheet, with net assets of £9.53m and net cash and cash equivalents of £2.59 million at 31 May 2011. In addition, the encouraging momentum of the past six months has continued into the current financial year with good visibility over future revenue. This provides us with a strong platform for further growth and we will therefore continue to seek out acquisitions that match our strategic objectives and can be brought in at sensible prices. The independent sector remains very fragmented and we anticipate further consolidation over the next few years. The company is well-positioned to take advantage of this and the Board will seek to maximise long-term shareholder value from the process.

Finally, we continue to be blessed with an excellent management team, under Huw Eurig Davies's leadership, and a very talented staff across the Boomerang group. On behalf of all shareholders, I thank them for their hard work and commitment to the company over the past year.

Richard Huntingford
Chairman

BOOMERANG PLUS PLC

BUSINESS REVIEW

Financial Review & Key Performance Indicators

As highlighted in the trading update released on 25 July 2011, the group had a busier than anticipated second half of the year which, together with very strong trading in the first half, has led to strong growth in revenues and profits for the year under review. This stronger organic trading, together with a full year contribution from Indus Films, acquired in October 2009, has enabled us to grow revenues in the year ended 31 May 2011 by 25.8% to £26.93 million (2010 - £21.41 million).

The group's key performance indicators are gross profit, adjusted earnings before interest, tax, depreciation and amortisation ("adjusted EBITDA") and adjusted operating profit. Adjusted profit figures add back charges for professional fees in respect of corporate transactions, provisions against investments, amortisation of intangible assets arising on business combinations and share-based payments.

Gross profit increased by 30.2% to £4.55m (2010 – £3.50m). Tighter cost control, together with higher gross margin from Indus Films, led to an increased gross profit margin for the year of 16.9% (2010 - 16.3%), despite continued downward pressure on programme budgets.

Adjusted EBITDA** increased by 52.5% to £1.93 million (2010 - £1.27 million). Following the substantial investment in fixed assets in 2010 that continued in the current year, principally in respect of the Stwnsh and Cyw Children's contracts, and an increase in capacity of our post production resources, depreciation increased in the year to £0.72 million (2010 - £0.45 million).

Other administrative expenses increased from £2.93 million to £3.43 million. During the year the group undertook a restructuring and relocation of its businesses, including moving Fflic and Apollo into the new group administrative and production headquarters at The Media Centre, Culverhouse Cross, Cardiff, with associated non-recurring costs of £0.12 million. 2011 included the full year effect of the costs of the new headquarters which were required following the award of the Stwnsh and Cyw children's contracts for S4C and a full year contribution of Indus costs of £0.16m.

The above factors have contributed to an increase in adjusted operating profits* of 50.5% to £1.17 million (2010 - £0.78 million).

The group had cash and cash equivalents of £2.59 million at 31 May 2011 (2010 - £3.07 million). This reduction of £0.48m has primarily been due to the group's significant capital investment programme during the year. The group incurred capital expenditure of £1.42 million (2010 - £1.65 million) in the year to 31 May 2011, principally on post-production facilities in order to service the increased revenues from both the group's productions and external clients. £0.64 million (2010 - £1.11 million) of this expenditure was funded by finance leases. Additions to intangible fixed assets in the year were £0.05 million (2010 - £0.46 million) and acquisition and deferred consideration payments of £0.23 million (2010 - £1.30 million) and debt repayments of £0.66 million (2010 - £0.37 million) were also made during the year.

The tax rate of 46% is higher than the expected blended rate of 28% for the year principally due to the effect of adjustments to prior years. These primarily relate to the UK Film tax credit within Boom Films Limited, a subsidiary company, which was initially recognised in 2009 but is no longer considered recoverable.

At 31 May 2011 the group had net assets of £9.53 million (2010 - £8.98 million).

** adjusted for professional fees in relation to corporate transactions (2011 - £0.02m, 2010 – 0.07m), provision for impairment of investments (2011 - £nil, 2010 - £0.07m), amortisation of intangible assets arising on business acquisitions (2011 - £0.02m, 2010 - £0.02m), and share- based payments (2011 - £nil, 2010 - £0.01m).*

***adjusted operating profit as defined above before depreciation (2011 - £0.72m, 2010 - £0.45m) and other amortisation (2011 - £0.04m, 2010 - £0.04m).*

BUSINESS REVIEW (continued)

Operations

The group continued to produce a strong, multi-genre portfolio of multi platform content for our broadcast and corporate customers during the year with 659 hours of programming in the 2010 calendar year (2009 – 428).

We have had noted success in increasing our Network presence during the year. For Channel 4, we have produced "The Secret Supper Club", a ten-part food and wine series with Olly Smith, and the second series of "That Paralympic Show", a multi-platform magazine series introducing the London 2012 Paralympic Games, and we are currently in production of series 3. We won our first two commissions from Disney, including a Pan European reality show.

AFP commissions included two original 3D commissions, one to produce a Skateboard Documentary with American Skateboarder Tony Hawk and the second a Free-Skiing film for Nissan Europe. Other AFP productions during the period included a third year producing Relentless Freeze, Europe's biggest Snow and Music Festival held annually in Battersea Power Station; major surfing events for Quiksilver including Pro Portugal and Roxy Pro Biarritz, the annual Women's World Longboard Championships; the third series of the multi platform Sony Ericsson World Breakdancing Championships; and a third season of Nissan/Sony Playstation GT Academy, the virtual-to-reality motor racing competition, once again hosted by F1 luminaries Eddie Jordan and Johnny Herbert and filmed across Australia, New Zealand, Europe and the UK, including for the first time a series for the USA market.

Complementing this organic success is the addition of Indus to the Group which has brought the world renowned and award winning expertise of the producers of "Amazon" and "Arctic" (with Bruce Parry), "Living with Monkeys", "Coal House" and "Snowdonia 1890". The recent acquisition of factual producer, Oxford Scientific Films ("OSF"), introduces their talented, award winning creative team to the Group together with their extensive back catalogue and experience in exploiting programmes worldwide and strengthens the Group's position in the Factual genre. OSF current productions include Meerkats 3D for National Geographic and Sky3D, season 2 of Fatal Attractions for Animal Planet and broadcast pilots for BBC1 and Five.

We have again produced a range of multi-genre programming for S4C during the period. These include the "Stwnsh" and "Cyw" children's services; drama series "Teulu" and "Alys"; factual entertainment series "3 Lle", "Gwlad Beirdd", "Cartrefi Cefn Gwlad Cymru" and "Cyfnewid"; music series "Bandit" and "Nodyn"; youth series "Gofod;"; the Royal Welsh show and sports series "Clwb Rygbi Shane" and "Ras i Lundain" amongst others.

Post-production and facilities

On 5 September 2011 the group announced that its post production subsidiary, Mwnci, has rebranded as Gorilla and expanded to incorporate all of the group's in-house facilities. Gorilla will now be providing studios, dubbing, grading, graphics and outside broadcast facilities to programme makers and producers in addition to increasing its established range of editing services. Gorilla will be one of the biggest facilities companies outside London and the largest in Wales.

As the majority of the Group's facilities will no longer be fully integrated in the future, the group anticipates making segmental disclosures in its accounts for the year ended 31 May 2012.

Talent management

Boom Talent, a management company representing singers, actors and presenters in film, television, theatre, radio, corporate and voice-over work, continues to establish itself. The post year-end acquisition of Harlequin Agency Limited, through a 50% joint venture with Bryn Terfel, will lead to a significant increase in scale of our talent business and it is intended to transfer the trade of Boom Talent to Harlequin in order to maximise cost synergies and growth opportunities.

BUSINESS REVIEW (continued)

Outlook

In June 2011 we acquired the trade and assets of a factual specialist, Oxford Scientific Films, and through a joint venture with Bryn Terfel acquired a talent management company, Harlequin Agency.

Organic Network growth, the acquisitions of Oxford Scientific Films and Indus and growth in AFP programming have all contributed to diversifying the group's customer base and widening its intellectual product base. This will continue to drive further growth in an increasingly global market and provide us with opportunities to increase our gross profit margins.

Following the Government's Comprehensive Spending Review in October 2010, S4C has had a reduced programming budget in 2011 and will experience significant further reductions in 2012 and this will inevitably impact production companies based in Wales, including Boomerang. However, the Board believes that the impact of our diversification strategy will allow it to mitigate the impact of S4C's changed circumstances and will bring considerable long-term benefits to the group.

The group has made a strong start to trading in the 2012 financial year and we will also continue to look for further acquisitions that can add value for shareholders in a fast-changing media marketplace.

Huw Eurig Davies Chief Executive Officer	Mark Fenwick Finance Director

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NOMINATED ADVISER AND BROKER

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the group for the year ended 31 May 2011.

BUSINESS REVIEW AND PRINCIPAL ACTIVITY

The principal activity of the group is that of independent television production. The company also holds investments in a number of UK subsidiaries, joint ventures and associates. Together, Boomerang Plus Plc and its subsidiaries comprise the group, as represented by these consolidated financial statements.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

A detailed review of the group's operations and key performance indicators is contained in the Chairman's Report and the Business Review on pages 2 to 5.

There have been no significant changes in the group's principal activities in the year under review.

On 8 June 2011, Boomerang acquired the trade and certain assets and liabilities of Oxford Scientific Films Limited for cash consideration of £515,000. The acquisition was made through a 70% owned subsidiary, Churchill Films Limited (renamed Oxford Scientific Films Limited on acquisition), with the other 30% owned by the management of the Oxford Scientific Films business.

On 6 July 2011, Boomerang's newly formed 50% joint venture, Pink Rose Bud Limited, acquired Harlequin Agency Limited, an operatic talent agency, for cash consideration of £200,000. The other 50% of Pink Rose Bud Limited is ultimately owned by Bryn Terfel.

The directors are not aware, at the date of this report, of any other likely significant changes in the group's activities in the forthcoming year. The company will look to acquire similar content production and complementary media companies, which will contribute to the group's growth and the products and services the group can offer to broadcasters and other clients.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the company's long-term performance.

Competitor risks

The group operates in a competitive market, with some 800 UK-based competitors. Competitor risk is minimised by the group's investment in creative staff and programme development and investment in customer relationships.

Customer relationship risks

The television sector is heavily biased towards the four main terrestrial broadcasters (BBC, ITV, Channel 4 and Five) together with the digital multi-channel providers and the indigenous language public service broadcasters such as S4C in Wales. Although increasing through acquisitions and the growth of AFP, the customer base is therefore still limited and hence an increased risk profile exists, as it does for the sector as a whole. Although reducing as a result of the group's diversification strategy, S4C continues to be the group's largest customer. This gives rise to a concentration of customer risk, which is common in the industry. This risk is managed as the group supplies programming across a broad range of genre, as opposed to many competitors which produce in only one or a limited number of genres.

DIRECTORS' REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Customer relationship risks (continued)

Decreased advertising revenues and other funding pressures on broadcasters, including the freezing on the BBC licence fee and funding reduction for S4C announced by the DCMS, have led to reduced programme expenditure and budgets for broadcasters and hence pressure on volumes and production margins for independent producers. To address this, we continue to look at new and innovative ways of working that can add value for our customers and non-broadcaster income such as advertiser-sponsored programming is growing strongly.

Treasury risks

The group has an overdraft facility, currently £1 million, that is utilised from time to time, but is regularly in a net cash position. Interest earned on cash deposits varies from time to time in line with underlying bank base rates.

Substantially all sales and costs are in sterling and hence the group is not subject to exchange rate risk.

Information about the use of financial instruments by the company and its subsidiaries is given in note 22 to the financial statements.

DIVIDENDS

The directors do not recommend the payment of a dividend (2010 - £nil).

CAPITAL STRUCTURE

Details of the authorised and issued share capital, together with details of the movements in the company's issued share capital during the year, are shown in note 23. The company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the company.

There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share schemes are set out in note 24.

No person has any special right of control over the company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of directors, the company is governed by its Articles of Association, the Combined Code, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of directors are described in the Main Board Terms of Reference, copies of which are available on request, and the Corporate Governance Statement on page 10.

Under its Articles of Association, the company has authority to issue ordinary shares or make market purchases to an aggregate nominal value equal to ten per cent of the aggregate nominal ordinary share capital as shown in the audited accounts for the year ended 31 May 2011.

SUPPLIER PAYMENT POLICY

The group's policy is to settle terms of payment with suppliers when agreeing the terms of trade. Trade creditors of the group at 31 May 2011 were equivalent to 14 days (2010 – 17 days) purchases, based on the average daily amount invoiced by suppliers during the year.

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

The current directors of the company, who served throughout the financial year, are as shown below.

The beneficial interests of the directors in the share capital of the company at the beginning and the end of the financial year were as follows:

	31 May 2011 1p ordinary share options No.	31 May 2010 1p ordinary share options No.	31 May 2011 1p ordinary shares No.	31 May 2010 1p ordinary shares No.
R Huntingford	-	-	-	-
H E Davies	-	-	2,334,484	2,334,484
G S Rees	-	-	918,000	918,000
M W Fenwick	86,566	86,566	357,000	357,000
R B Moore	-	-	13,111	13,111
L James	-	-	-	-

The directors held no shares in any other group company at any time during the financial year.

SUBSTANTIAL SHAREHOLDERS

As at 5 September 2011, notifications of beneficial interests in 3% or more of the company's issued share capital are as follows:

	Ordinary shares No.	%
H E Davies	2,334,484	26.19
G S Rees	918,000	10.30
G R Davies	918,000	10.30
M D Barnard & Co Limited	644,494	7.23
Rathbone	544,670	6.11
Finance Wales Investments Limited	479,868	5.38
Gartmore Investment Limited	424,312	4.76
D T F Richards	408,000	4.58
H T Jenkins	359,851	4.04
M W Fenwick	357,000	4.00
W R Protheroe	304,660	3.42
E H Protheroe	304,659	3.42

DIRECTORS' REPORT (continued)

CORPORATE GOVERNANCE

The company is not required to comply with the Combined Code on Corporate Governance issued by the Financial Reporting Council and accordingly does not report on how it has applied the principles therein or on the extent to which it has complied with the provisions therein throughout the year.

However, the company's directors are committed to applying the underlying principles of the Combined Code having regard to the size of the company, an illustration of which is given below.

The company has three independent, non-executive directors, R Huntingford, R B Moore and L James, and the Board meets regularly approving strategy, accounts, budgets and acquisitions amongst other matters.

Audit, Remuneration and Nomination committees have been established, chaired by R Huntingford. The Audit committee consists of R Huntingford and R B Moore whereas the Remuneration and Nomination committees comprise all three non-executive directors.

The Audit Committee's responsibilities include monitoring the integrity of the company's and group's financial statements, reviewing the external auditor's independence, objectivity and effectiveness and making recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor.

The Remuneration Committee is responsible for reviewing the performance of the executive directors and setting the scale and structure of their remuneration, including bonus arrangements.

The directors comply, and procure compliance, with Rule 21 of the AIM Rules for Companies relating to dealings by directors and other applicable employees in the company's securities and, to this end, the company has adopted an appropriate share-dealing code.

INTERNAL CONTROL

The Board of directors is responsible for the group's system of internal control and for reviewing its effectiveness and notes that the system can only provide a reasonable but not an absolute assurance against material misstatement or loss. The directors have reviewed the effectiveness of the system of internal control which has been in operation throughout the year. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the group.

GOING CONCERN

The group has considerable headroom within its current bank facilities together with long-term relationships with its key customers. Due to the nature of the group's business, management has good visibility over its pipeline of productions over the foreseeable future, which is fully funded by its customers.

The group and company's forecasts and projections, taking account of expected growth in Network and AFP commissions together with likely reductions caused by reductions in funding levels for S4C, show that the group and company should be able to operate within the level of its current facility. The directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DIRECTORS' REPORT (continued)

AUDITOR

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as the company's auditor and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Mark Fenwick
Financial Director

28 September 2011

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required to prepare the group financial statements under IFRSs (IFRSs) as adopted by the European Union and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the European Union. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOOMERANG PLUS PLC

We have audited the financial statements of Boomerang Plus Plc for the year ended 31 May 2011 which comprise the consolidated income statement, the consolidated and company statement of changes in equity, the consolidated and company balance sheets, the consolidated and company cash flow statements and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2011 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Nigel Thomas (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cardiff, United Kingdom
28 September 2011

CONSOLIDATED INCOME STATEMENT
Year ended 31 May 2011

	Note	2011 £'000	2010 £'000
Continuing operations			
Revenue	2	26,933	21,409
Cost of sales		(22,380)	(17,912)
GROSS PROFIT		4,553	3,497
Administrative expenses			
Other administrative expenses		(3,428)	(2,928)
Professional fees in relation to corporate transactions		(17)	(73)
Provision for impairment of investments	14	-	(70)
Amortisation of intangibles arising on business combinations	12	(20)	(20)
Equity-settled share-based payments	24	-	(7)
Total administrative expenses		(3,465)	(3,098)
Other operating income		76	227
Share of results of joint ventures and associates		(30)	(18)
OPERATING PROFIT	5	1,134	608
Investment revenue	7	4	3
Finance costs	8	(118)	(76)
PROFIT BEFORE TAX		1,020	535
Tax	10	(469)	(218)
PROFIT FOR THE YEAR		551	317
Attributable to:			
Equity holders of the parent		551	317
Earnings per share	11		
Basic		6.18p	3.56p
Diluted		6.10p	3.50p
Adjusted – basic		6.60p	5.47p
Adjusted – diluted		6.51p	5.38p

There were no material items of comprehensive income in the current or prior year other than the profit for the year and, accordingly, no statement of comprehensive income is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Group					
Balance at 1 June 2009	89	3,933	1,217	3,420	8,659
Profit for the financial year	-	-	-	317	317
New shares issued	-	1	-	-	1
Equity-settled share-based payments	-	-	-	7	7
Balance at 1 June 2010	89	3,934	1,217	3,744	8,984
Profit for the financial year	-	-	-	551	551
Foreign exchange	-	-	-	(4)	(4)
Balance at 31 May 2011	89	3,934	1,217	4,291	9,531

The group has taken advantage of section 612 of the Companies Act 2006 and therefore the excess over the nominal value of shares issued other than for cash has been allocated to the merger reserve.

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Company					
Balance at 1 June 2009	89	3,933	1,217	3,103	8,342
Profit for the financial year	-	-	-	1,185	1,185
New shares issued	-	1	-	-	1
Equity-settled share-based payments	-	-	-	7	7
Balance at 1 June 2010	89	3,934	1,217	4,295	9,535
Profit for the financial year	-	-	-	138	138
Balance at 31 May 2011	89	3,934	1,217	4,433	9,673

BALANCE SHEETS
As at 31st May 2011

	Note	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
NON-CURRENT ASSETS					
Goodwill	12	2,822	3,049	1,270	1,270
Other intangible assets	12	2,442	2,444	52	18
Property, plant and equipment	13	3,606	2,931	2,802	2,532
Investments	14	342	371	5,571	5,798
		9,212	8,795	9,695	9,618
CURRENT ASSETS					
Inventories	15	6	9	-	-
Trade and other receivables	16	4,064	4,158	3,493	3,610
Current tax assets		-	219	-	-
Cash and cash equivalents	16	2,588	3,070	686	665
		6,658	7,456	4,179	4,275
TOTAL ASSETS		15,870	16,251	13,874	13,893
CURRENT LIABILITIES					
Trade and other payables	18	3,926	4,615	2,131	1,889
Current tax liabilities		232	84	60	(1)
Interest-bearing loans and borrowings	17	581	492	517	460
Deferred consideration	21	192	333	192	333
		4,931	5,524	2,900	2,681
NON-CURRENT LIABILITIES					
Interest-bearing loans and borrowings	17	634	742	568	681
Other payables	18	84	47	84	47
Deferred tax liabilities	19	264	232	223	227
Deferred consideration	21	426	722	426	722
		1,408	1,743	1,301	1,677
TOTAL LIABILITIES		6,339	7,267	4,201	4,358
NET ASSETS		9,531	8,984	9,673	9,535

BALANCE SHEETS (continued)
As at 31st May 2011

	Note	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
EQUITY					
Share capital	23	89	89	89	89
Share premium account		3,934	3,934	3,934	3,934
Merger reserve		1,217	1,217	1,217	1,217
Retained earnings		4,291	3,744	4,433	4,295
TOTAL EQUITY		9,531	8,984	9,673	9,535

The financial statements of Boomerang Plus Plc, registered number 2936337, were approved by the Board of Directors and authorised for issue on 28 September 2011

Signed on behalf of the Board of Directors

H E Davies
Director

M W Fenwick
Director

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT
Year ended 31 May 2011

	Note	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'00
NET CASH INFLOW FROM OPERATING ACTIVITIES	27	833	2,615	973	621
INVESTING ACTIVITIES					
Interest received		4	3	-	-
Dividends received		-	-	61	994
Purchase of property, plant and equipment		(531)	(544)	(301)	(472)
Acquisition of subsidiaries (see note 25)		-	(768)	-	(932)
Acquisition of joint ventures and associates		(1)	(326)	-	(325)
Acquisition of subsidiaries - deferred consideration payments	21	(229)	(209)	(229)	(209)
Acquisition of intangible fixed assets		(49)	(458)	(49)	(12)
Proceeds on disposal of property, plant and equipment		10	1	7	-
NET CASH USED IN INVESTING ACTIVITIES		(796)	(2,301)	(511)	(956)
FINANCING ACTIVITIES					
Repayments of obligations under finance leases		(659)	(372)	(581)	(351)
Proceeds on issue of shares		-	1	-	1
Grants received		140	100	140	100
NET CASH USED IN FINANCING ACTIVITIES		(519)	(271)	(441)	(250)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(482)	43	21	(585)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,070	3,027	665	1,250
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,588	3,070	686	665

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

1. GENERAL INFORMATION

Boomerang Plus Plc is a company incorporated in the United Kingdom under the Companies Act 2006, the shares of which are publicly traded on AIM. The address of the registered office is 218 Penarth Road, Cardiff CF11 8NN. The nature of the UK group's operations and its principal activities are set out in the business review and principal activity section on page 6 of the directors' report.

ADOPTION OF NEW AND REVISED STANDARDS

In the current year the following new and revised standards and interpretations have been adopted. IAS 24, *Related Party Disclosures* which extends the definition of a related party and IAS 32, *Financial instruments: Presentation* on classification of rights issues were confirmed. In addition, the IASB's 2010 annual improvements project makes minor changes to IAS 27, *Consolidated and Separate Financial Statements*, IFRS 3, *Business combinations* and IFRS 7, *Financial Instruments: Disclosures* . None of these changes have any impact on the financial statements.

At the date of the authorisation of the financial statements, the following standards and interpretations, which have not been applied in the financial statements, were in issue but not yet effective:

IFRS 9	Financial Instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosures of Interests in Other Entities
IFRS 13	Fair Value Measurement

The Group is currently reviewing the impact of these new standards but does not intend to adopt the standards early.

2. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted, which have been applied consistently in the current and the prior financial year, are outlined below.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position, its financial position at the balance sheet date, its cash flows and the liquidity position, are set out in the Chairman's report on page 2, the business review on pages 3 to 5 and the directors' report on pages 7 to 11. In addition, note 22, Financial Instruments, includes the group's objectives and policies and process around managing capital risk; its financial risk management objectives; and its exposure to market, credit and liquidity risk.

The group has considerable headroom within its current bank facilities together with long-term relationships with its key customers. Due to the nature of the group's business, management has good visibility over its pipeline of productions over the foreseeable future, which is fully funded by its customers.

The group and company's forecasts and projections, taking account of expected growth in Network and AFP commissions together with likely reductions caused by reductions in funding levels for S4C, show that the group and company should be able to operate within the level of its current facility. The directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

2. ACCOUNTING POLICIES (continued)

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. Provision for deferred consideration is recognised at the date of acquisition when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

The group has taken advantage of section 612 of the Companies Act 2006 and so the excess over the nominal value of shares issued other than for cash has been allocated to the merger reserve.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair values of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised in the income statement immediately.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Jointly controlled entities

A joint venture is an entity over which the group has joint control, and joint ability to govern financial and operating policy decisions of the economic activity so as to obtain benefits from it.

The group accounts for its jointly controlled entities by means of an equity method of accounting.

Investments in associates

An associate is an entity over which the group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the group's interest in that associate (which includes any long-term interests that, in substance, form part of the group's net investment in the associate) are recognised only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in profit or loss in the period of acquisition.

Where a group company transacts with an associate of the group, profits and losses are eliminated to the extent of the group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

2. ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the group's interest in the fair value of identifiable assets and liabilities of a subsidiary and jointly controlled entities at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of any subsidiary, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Goodwill arising on business combinations before the date of transition to IFRS has been retained at the value that would arise applying the principles of UK GAAP.

Revenue and revenue recognition

Revenue (which excludes VAT) represents amounts receivable for work carried out in the production and post-production of television and radio programmes, commission from talent management and publishing income, and is recognised over the period of the related activity. Revenue is measured by reference to the fair value of consideration received or receivable from customers. Profits are recognised on long-term contracts where the final outcome can be assessed with reasonable certainty. Revenue and gross profit in respect of production and administration fees is recognised evenly over the course of the contracts with other costs recognised in line with activity. Cost includes direct staff and external costs. Gross profit on production activity is recognised over the period of the production and in accordance with the underlying contract. Cost over-spends on productions are recognised as they arise and cost under-spends recognised when it is known with reasonable certainty the final position of the relevant contract. Final production fees are recognised on completion of the productions in line with the underlying contractual agreement. Where productions are in progress and where sales invoiced exceed the cost of work completed, the excess is shown as deferred income. Where the value of work completed exceeds the invoiced amount, the excess is shown as accrued income. When it is probable that total production costs will exceed contract revenue, the expected loss is recognised as an expense immediately.

Revenue in respect of distribution and licensing income is recognised when the group has earned the right to recognise the revenue and has complied with the terms of the licence agreement and represents amounts receivable under such contracts.

Grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to the income statement over the expected useful lives of the relevant assets. Grants of a revenue nature are credited to income in the year to which they relate.

Operating profit

Operating profit is stated after charging/(crediting) the share of results of joint ventures and charging provisions for impairment in investments in associates, but before investment income and finance costs.

Pensions

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

2. ACCOUNTING POLICIES (continued)

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets in the balance sheet at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a financial lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals under operating leases are charged to the income statement on a straight-line basis over the lease term.

Taxation

The tax expense represents the sum of the tax currently payable, and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

2. ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and any recognised impairment loss. They are depreciated to their residual value using the straight-line method over their expected useful lives as follows:

Leasehold property improvements	-	Over the period of the lease
Plant and machinery	-	14.3% to 20% straight-line
Fixtures and fittings	-	15% to 20% straight-line
Motor vehicles	-	20% to 25% straight-line
Computer equipment	-	20% to 25% straight-line

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset, and is recognised in the income statement.

Development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the group's production development is recognised only if the following conditions are met:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are recognised on a straight-line basis over their useful lives of three years. The costs of developing programmes not meeting the IAS 38 "Intangible Assets" criteria are written off to the income statement.

Programme catalogue

Investments in programme catalogues are capitalised at cost less provision for impairment. The cost is amortised over three years, the expected period of distribution income.

Separable intangibles

When an acquisition is made, a review is undertaken to identify separately identifiable non-monetary assets that meet the definition under IAS 38 "Intangible assets". In respect of acquisitions made in the period since transition to IFRS, customer relationships and non-compete agreements were recognised as being separately identifiable. The fair value was determined on a basis that reflects the amounts the acquirer would have paid for the assets in arm's length transactions between knowledgeable willing parties.

Contractual customer relationships are amortised over their useful economic lives. Non-contractual customer relationships have an indefinite life and are subject to an annual impairment review. Non-compete agreements are amortised over the life of the agreement, which is an average of two years.

Other intangibles

Costs of acquiring rights to commission income from talent management contracts are amortised over three years, the period the group will benefit from the contracts. Costs of building commercial websites are amortised over two years, the period the group will benefit from the websites. Costs of acquiring publishing rights are capitalised and amortised over 20 years, being the period that the company will benefit from the right.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

2. ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

Investments

Investments in subsidiaries and associates are held as non-current assets and are stated at cost less provision for any impairment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct material costs. Net realisable value represents the estimated selling price less all estimated costs of completion.

Financial instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provision of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits held at call with banks.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded as proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

2. ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Share-based payments

The group has applied the requirements of IFRS 2 "Share-based payments". In accordance with the transitional provision, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005.

The group issues equity-settled, share-based payments to certain employees. Equity-settled, share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled, share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest.

Fair value is measured by use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, which are described in note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Production revenue is recognised over the period of the related production activity which requires management to consider the costs incurred to the balance sheet date and estimate the costs to completion of the production, as described in note 2.

In making these judgements, management considered the detailed criteria for the recognition of revenue set out in IAS 18 "Revenue" and the principles of IAS 11 "Construction contracts" for further guidance as it applies to both revenue and expenses. Following detailed review of the group's production contracts, the directors are satisfied that recognition of revenue as reported is appropriate.

Identification and measurement of separate intangible assets acquired in a business combination

IFRS 3 "Business Combinations" requires the acquirer to recognise separately an intangible asset of the acquiree at the acquisition date if it meets the definition of an intangible asset in IAS 38 "Intangible Assets" and its fair value can be measured reliably.

IAS 38 defines an intangible asset as 'an identifiable non-monetary asset without physical substance.'

An asset meets the identifiability criterion in the definition only if it:

a) is separable, i.e. capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or

b) arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

IFRS 3 requires the acquirer to determine the fair value of intangibles by reference to an active market as defined in IAS 38; or, if no active market exists, on a basis that reflects the amounts the acquirer would have paid for the assets in arm's length transactions between knowledgeable willing parties, based on the best information available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Identification and measurement of separate intangible assets acquired in a business combination (continued)

The separate intangible assets acquired as part of business combinations effected after the transition to IFRSs are detailed in note 12. The values of the separate intangible assets were estimated on the following basis:

Non compete agreements: using a "discounted cash flow"; by estimating the potential cash flows that could be lost if the agreements had not been in place. This requires the entity to estimate the future cash flows and a suitable discount rate in order to calculate present value.

Customer relationships: using an "excess earnings income approach"; by estimating the cash flows expected to be generated from the relationships net of a reasonable return on other assets also contributing to that stream of cash flows, discounted at an appropriate rate of return. This requires the entity to estimate the future cash flows and a suitable discount rate in order to calculate present value.

Determining the useful economic life of intangibles arising on business combinations requires an estimation. Non-contractual customer relationships with broadcasters are considered to have an indefinite life and are subject to an annual impairment review.

Impairment of goodwill

The group tests annually for impairment or more frequently if there are indications that goodwill may be impaired.

The recoverable amount of the goodwill is determined from value in use calculations. The key assumptions and estimates for the value in use calculations are those regarding the discount rates, growth rates and expected changes to sales during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating units.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management (which take into account the group's pipeline of productions, past experience and industry growth forecasts) for the next three years and extrapolates cash flows for the following seven years assuming annual growth of 2.5% per annum from that date.

Estimation of future deferred contingent consideration payments

As of the 31 May 2011 balance sheet date the group has recorded estimated future payments related to the acquisition of Indus Films Limited. When discounted to present value the total of these payments is estimated at £0.62 million and that amount is reflected on the balance sheet at 31 May 2011. Since the payments will be dependent on the actual future financial performance of the business, an estimate is required to approximate future business conditions.

BOOMERANG PLUS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

In 2011, the group adopted IFRS 8 'Operating Segments'. The impact of the accounting standard is purely presentational. The principal activity of the group is that of independent television production. At 31 May 2011 the group is organised into one business segment. This is based upon the group's internal organisation and management structure and the primary way in which the Chief Operating Decision Maker is provided with financial information. The Chief Operating Decision Maker has been defined as the Board of Executive Directors.

As the group only operates in one business segment, no additional business segmental analysis has been shown.

All material business activities are located within the UK and therefore the group operates in a single geographical segment.

The group has two major customers, the BBC and S4C, which individually account for more than 10% of the group's revenue. The total revenue in the year from these two customers was £23,162,000 (2010 - £19,297,000) which represents 86% (2010 - 90%) of the group's total revenue.

5. OPERATING PROFIT

	2011 £'000	2010 £'000
This has been arrived at after charging/(crediting)		
Government grants - capital	(66)	(117)
Government grants - revenue	-	(87)
Depreciation of property, plant and equipment		
- owned assets	362	276
- leased assets	359	170
Amortisation of intangibles arising on business combinations	20	20
Amortisation of intangible fixed assets	37	41
Loss on sale of property, plant and equipment	15	2
Staff costs (see note 6)	6,761	5,373
Auditor's remuneration - audit services	52	46
Auditor's remuneration – non-audit services	1	13

	£'000	£'000
Auditor's remuneration		
The analysis of auditor's remuneration is as follows:		
Fees payable to the company's auditor for the audit of the group's annual accounts	27	22
Fees payable to the company's auditor for the audit of the company's annual accounts	25	24
Total audit fees	52	46
Other services:		
Turnover certificate	1	-
Tax compliance services	-	13
Total non-audit fees	1	13

Fees payable to Deloitte LLP and their associates for non-audit services to the company are not required to be disclosed because the financial statements are required to disclose such fees on a consolidated basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Directors' emoluments (executive and non-executive directors)				
Emoluments	514	405	514	405
Contributions to money purchase pension schemes	31	26	31	26
Other benefits in kind	19	17	19	17
	564	448	564	448

	Basic salary £'000	Bonus £'000	Benefits in kind £'000	Defined contribution pension £'000	Total 2011 £'000	Total 2010 £'000
Huw Eurig Davies	133	43	7	12	195	133
Mark Fenwick	107	18	5	10	140	114
Gareth Rees	96	17	7	9	129	101
Richard Huntingford	60	-	-	-	60	60
Roger Moore	20	-	-	-	20	20
Linda James	20	-	-	-	20	20
	436	78	19	31	564	448

	Group 2011 No.	Group 2010 No.	Company 2011 No.	Company 2010 No.
Number of directors in defined contribution pension scheme	3	3	3	3

The directors held 86,566 of outstanding options at the year-end (2010 – 86,566). No share options were exercised during the year by the directors (2010 - £nil). Analysis of the share options can be found in the directors' report.

	No.	No.	No.	No.
Average number of persons employed (including directors)				
Directors	6	6	6	6
Production	170	121	134	94
Administration	12	13	3	2
	188	140	143	102

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Staff costs during the year (including directors)				
Wages and salaries	6,024	4,759	4,393	3,237
Social security costs	628	490	451	338
Pension costs	109	116	85	65
Equity-settled share-based payments	-	8	-	8
	6,761	5,373	4,929	3,648

7. INVESTMENT REVENUE

	2011 £'000	2010 £'000
Interest on bank deposits	4	3

8. FINANCE COSTS

	2011 £'000	2010 £'000
Interest on obligations under finance lease and hire purchase contracts	76	39
Other interest and similar charges	23	6
Deferred consideration finance charges	19	31
	118	76

9. COMPANY PROFIT AND LOSS ACCOUNT

As permitted by section 408 of the Companies Act 2006, the company has elected not to present its own profit and loss account for the year. Boomerang Plus Plc reported a profit for the financial year ended 31 May 2011 of £138,000 (2010 - £1,185,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Note	2011 £'000	2010 £'000
Current taxation			
United Kingdom corporation tax:			
Current tax on income for the year at 27.67 % (2010 - 28%)		283	100
Adjustment in respect of prior years		154	3
Total current tax		437	103
Deferred tax			
Origination and reversal of timing differences		32	115
	19	32	115
Total charge for the year		469	218

The difference between the total tax shown above and the amount calculated by applying the standard rate of United Kingdom corporation tax to the profit before tax is as follows:

	£'000	£'000
Profit on ordinary activities before tax	1,020	535
Tax on profit on ordinary activities before tax at 27.67 % (2010 - 28%)	282	150
Factors affecting charge for the year		
Expenses not deductible for tax purposes	4	27
Non-deductible amortisation and impairment charges	6	25
Capital allowances less than/ (in excess of) depreciation	9	(103)
Tax losses	1	23
Other	(17)	(20)
Marginal relief	(2)	-
Adjustment in respect of prior years	154	3
Origination and reversal of timing differences	-	(2)
Total tax current charge for the year	437	103

The adjustment to the current tax charge in respect of prior years is principally related to the UK Film tax credit within Boom Films Limited, a subsidiary company, which was initially recognised in 2009 but is no longer considered recoverable.

The tax rate is a blended rate of 28% to 31 March 2011 and 26% from 1 April 2011. The reduction in the corporation tax rate from 28% to 26% from 1 April 2011 is not anticipated to materially affect the tax charge.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

11. EARNINGS PER SHARE

The calculation of the basic, diluted and adjusted earnings per share is based on the following data:

	2011 £'000	2010 £'000
Earnings		
Profit for the year	551	317
Exceptional administrative expenses	17	73
Amortisation of intangibles arising on business acquisitions	20	20
Provision for impairment of investments	-	70
Equity-settled share-based payments	-	7
Adjusted profit	588	487
Number of shares	**No.**	**No.**
Weighted average number of ordinary shares for the purpose of basic earnings per share	8,914,731	8,911,902
Effect of dilutive potential ordinary shares:		
Share options	116,705	153,798
Dilutive weighted average number of shares	9,031,436	9,065,700
Earnings per ordinary share – basic	6.18p	3.56p
Earnings per ordinary share – diluted	6.10p	3.50p
Adjusted earnings per share – basic	6.60p	5.47p
Adjusted earnings per share – diluted	6.51p	5.38p

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

12. GOODWILL AND OTHER INTANGIBLE FIXED ASSETS

Group	Goodwill £'000	Customer relationships £'000	Non-compete agreements £'000	Programmes catalogue £'000	Other £'000	Publishing rights £'000	Total £'000
Cost							
At 1 June 2009	2,131	1,197	37	46	74	-	3,485
Additions	918	862	24	-	-	458	2,262
Disposals	-	-	-	-	(59)	-	(59)
At 1 June 2010	3,049	2,059	61	46	15	458	5,688
Additions	-	-	-	49	-	-	49
Exchange difference	-	-	-	-	-	7	7
Adjustment	(227)	-	-	-	-	-	(227)
Disposals	-	-	-	-	(15)	-	(15)
At 31 May 2011	2,822	2,059	61	95	-	465	5,502
Amortisation							
At 1 June 2009	-	78	37	16	62	-	193
Charge for the year	-	16	4	12	12	17	61
Disposals	-	-	-	-	(59)	-	(59)
At 1 June 2010	-	94	41	28	15	17	195
Charge for the year (*)	-	12	8	15	-	22	57
Exchange difference	-	-	-	-	-	1	1
Disposal in the year	-	-	-	-	(15)	-	(15)
At 31 May 2011	-	106	49	43	-	40	238
Carrying amount							
At 31 May 2011	2,822	1,953	12	52	-	425	5,264
At 31 May 2010	3,049	1,965	20	18	-	441	5,493

(*) Amortisation of intangibles arising on business acquisitions of £20,000 (2010 - £20,000) relate to the amortisation of customer relationships and non-compete agreements.

The adjustment to goodwill in the year relates to a revised estimate to the amount of contingent contingent consideration payable based on future profits (see note 21).

Goodwill, customer relationships and non-compete agreements

Goodwill, customer relationships and non-compete agreements arise on acquisition (business combination). Included in customer relationships are non-contractual relationships of £1,893,000 (2010 - £1,893,000). These relationships are key to the long-term future of the relevant businesses and are therefore considered to have an indefinite life and are subject to an annual impairment review. Contractual customer relationships are amortised over the life of the existing contract, which is one year. Non-compete agreements are amortised over the life of the agreement, which is an average of two years.

Goodwill and non-contractual relationships acquired in a business combination are allocated at acquisition to the cash-generating units ("CGUs") that are expected to benefit from the business combination. Before recognition of any impairment losses, the carrying amount of goodwill and non-contractual relationships has been allocated as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

12. GOODWILL AND OTHER INTANGIBLE FIXED ASSETS (continued)

Group	2011 £'000	2010 £'000
Goodwill		
Boomerang	1,835	1,835
Mwnci Cyfyngedig	296	296
Indus Films Limited	691	918
	2,822	3,049
	£'000	**£'000**
Non-contractual customer relationships		
Boomerang	1,035	1,035
Indus Films Limited	858	858
	1,893	1,893

The "Boomerang" CGU includes Fflic Cyfyngedig, Cynhyrchiadau Alfresco Productions Cyfyngedig and Ffilmiau Apollo Cyfyngedig as this is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The group tests goodwill and non-contractual customer relationships annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next three years and extrapolates cash flows for the following seven years based on an estimated growth rate of 2.5% per annum. This rate does not exceed the average long-term growth rate for the relevant markets. The rate used to discount the forecast cash flows of each of the CGUs as defined above was 12%.

Programme catalogue

Programme catalogue relates to investment in programmes held for distribution.

Other intangibles

Other intangible fixed assets relate to rights to commission income from talent management contracts and the costs of building commercial websites.

Publishing rights

Publishing rights are capitalised and amortised over 20 years, being the period that the company will benefit from the right.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

12. GOODWILL AND OTHER INTANGIBLE FIXED ASSETS (continued)

Company	**Goodwill £'000**	**Pro-gramme catalogue £'000**	**Total £'000**
Cost			
At 1 June 2009	-	20	20
Transfer from group company	-	26	26
Transfer from investments	1,270	-	1,270
At 1 June 2010	1,270	46	1,316
Additions	-	49	49
At 31 May 2011	1,270	95	1,365
Amortisation			
At 1 June 2009	-	7	7
Transfer from group company	-	9	9
Charge for the year	-	12	12
At 1 June 2010	-	28	28
Charge for the year	-	15	15
At 31 May 2011	-	43	43
Carrying amount			
At 31 May 2011	1,270	52	1,322
At 31 May 2010	1,270	18	1,288

The "Boomerang" CGU includes Fflic Cyfyngedig, Cynhyrchiadau Alfresco Productions Cyfyngedig and Ffilmiau Apollo Cyfyngedig as this is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Consideration of impairment of the goodwill is as set out for the group on pages 31 and 32.

The transfer from investments to goodwill in the prior year was made following the transfer of trade from Cynhyrchiadau Alfresco cyf to Boomerang plus plc.

BOOMERANG PLUS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

13. PROPERTY, PLANT AND EQUIPMENT

Group	**Leasehold property improve-ments £'000**	**Plant and machinery £'000**	**Fixtures and fittings £'000**	**Motor vehicles £'000**	**Computer equipment £'000**	**Total £'000**
Cost						
At 1 June 2009	391	1,768	349	65	221	2,794
Additions	58	1,492	26	26	52	1,654
Disposals	-	-	-	(9)	-	(9)
Acquisition of subsidiary	-	97	40	-	59	196
At 1 June 2010	449	3,357	415	82	332	4,635
Additions	102	1,034	164	19	101	1,420
Disposals	(105)	(201)	(245)	(17)	(100)	(668)
At 31 May 2011	446	4,190	334	84	333	5,387
Depreciation						
At 1 June 2009	103	666	178	37	124	1,108
Charge for the year	33	286	60	12	55	446
Eliminated on disposal	-	-	-	(6)	-	(6)
Acquisition of subsidiary	-	85	29	-	42	-
At 1 June 2010	136	1,037	267	43	221	1,704
Charge for the year	43	542	62	14	60	721
Eliminated on disposal	(97)	(199)	(239)	(10)	(99)	(644)
At 31 May 2011	82	1,380	90	47	182	1,781
Net book value						
At 31 May 2011	364	2,810	244	37	151	3,606
At 31 May 2010	313	2,320	148	39	111	2,931

Included within the net book value are the following assets held under hire purchase and finance lease agreements:

	Leasehold property improve-ments £'000	**Plant and machinery £'000**	**Fixtures and fittings £'000**	**Motor vehicles £'000**	**Computer equipment £'000**	**Total £'000**
At 31 May 2011	-	2,010	77	37	55	2,179
At 31 May 2010	29	1,882	3	41	-	1,955

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Leasehold property improve-ments £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
Cost						
At 1 June 2009	285	1,478	252	58	167	2,240
Additions	49	1,341	22	27	46	1,485
At 1 June 2010	334	2,819	274	85	213	3,725
Additions	75	500	145	18	88	826
Disposals	-	-	(30)	(17)	(46)	(93)
At 31 May 2011	409	3,319	389	86	255	4,458
Depreciation						
At 1 June 2009	57	518	192	32	85	884
Charge for the year	19	225	16	12	37	309
At 1 June 2010	76	743	208	44	122	1,193
Charge for the year	28	438	23	14	46	549
Disposals	-	-	(30)	(10)	(46)	(86)
At 31 May 2011	104	1,181	201	48	122	1,656
Net book value						
At 31 May 2011	305	2,138	188	38	133	2,802
At 31 May 2010	258	2,076	66	41	91	2,532

Included within the net book value are the following assets held under hire purchase and finance lease agreements:

	Leasehold property improve-ments £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Computer equipment £'000	Total £'000
At 31 May 2011	-	1,811	77	37	55	1,980
At 31 May 2010	29	1,767	-	41	-	1,837

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

14. INVESTMENTS

Group	Investment in joint ventures £'000	Investment in associates £'000	Investments £'000	Total £'000
Cost				
At 1 June 2009	44	135	70	249
Acquisitions	-	325	-	325
Write-off of investment in associate	-	(102)	-	(102)
Share of profit/(loss)	33	(64)	-	(31)
At 1 June 2010	77	294	70	441
Acquisitions	1	-	-	1
Transfer	20	(20)	-	-
Write-off of investment	-	-	(70)	(70)
Share of loss	(24)	(6)	-	(30)
At 31 May 2011	74	268	-	342
Impairment and amortisation				
At 1 June 2009	-	102	-	102
Impairment in the year	-	-	70	70
Write-off of investment in associate	-	(102)	-	(102)
At 1 June 2010	-	-	70	70
Write-off of investment	-	-	(70)	(70)
At 31 May 2011	-	-	-	-
Net book value				
At 31 May 2011	74	268	-	342
At 31 May 2010	77	294	-	371

During the year the group invested £660 for an additional 10% shareholding in Media4Enterprises Limited, taking the group's total investment to 50% and therefore the investment has been reclassified as a joint venture.

During the prior year the group invested £325,000 for a 25% shareholding in Big Freeze Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

14. INVESTMENTS (continued)

Company	Investment in associates £'000	Investment in subsidiaries £'000	Total £'000
Cost and net book value			
At 1 June 2009	-	4,779	4,779
Additions	326	1,963	2,289
Transfer to goodwill	-	(1,270)	(1,270)
At 1 June 2010	326	5,472	5,798
Adjustment	-	(227)	(227)
At 31 May 2011	326	5,245	5,571

The adjustment in the year relates to a revised estimate to the amount of contingent consideration payable based on future profits. The transfer from investments to goodwill in the prior year was made following the transfer of trade from Cynhyrchiadau Alfresco cyf to Boomerang plus plc.

The company's investments in group companies relate to:

Subsidiaries	Holding (£1 ordinary shares)	Activity	Country of incorporation
Fflic Cyfyngedig	100%	Television production	Wales
Cynhyrchiadau Boomerang Cyfyngedig	100%	Holding company	Wales
Cynhyrchiadau Alfresco Productions Cyfyngedig*	100%	Dormant	Wales
218 Holdings Limited	100%	Holding company	Wales
Mwnci Cyfyngedig*	100%	Post-production	Wales
Ffilmiau Apollo Cyfyngedig	100%	Holding company	Wales
Teledu Apollo Cyfyngedig*	100%	Television production	Wales
Boom Films Limited	100%	Theatrical films	Wales
Boom Freesports Limited	88%	Rights management	Wales
Boom Talent Limited	51%	Talent management	Wales
Indus Films Limited	100%	Television production	Wales
Boom Extreme Publishing Limited	75%	Multimedia publishing	Wales
Joint ventures			
Hanner:Hanner Cyfyngedig*	50%	Television production	Wales
Adnoddau Zoom Cyfyngedig*	50%	Television facilities	Wales
Calon/Boom JV Limited*	50%	Distribution	Wales
Media4Enterprises Limited*	50%	Holding company	Wales
Media4Creative Limited*	50%	Media training, education and production	Wales
Associates			
Malacara Limited	49%	Film production	England
Big Freeze Limited	25%	Event production	England

*indirectly held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

15. INVENTORIES

Group	2011 £'000	2010 £'000
Consumables	6	9

16. OTHER FINANCIAL ASSETS

Trade and other receivables

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Trade receivables	2,170	1,846	990	745
Other receivables	542	447	1,488	1,516
Prepayments and accrued income	1,352	1,865	1,015	1,349
	4,064	4,158	3,493	3,610

The group's and the company's principal financial assets are cash and cash equivalents, trade receivables and other receivables.

Included in other receivables are amounts owed by related parties and group undertakings see note 28 .

Trade receivables

The average credit period taken on group sales was 25 days (2010 – 27 days). An allowance has been made for estimated irrecoverable amounts of £4,000 (2010 - £59,000) based on a specific review of each trade receivable. The movement in the year did not impact the income statement as a debt was written off against the provision. Gross trade receivables were £2,174,000 (2010 - £1,905,000).

The average credit period taken on company sales was 20 days (2010 – 18 days). An allowance has been made for estimated irrecoverable amounts of £1,000 (2010 - £4,000) based on a specific review of each trade receivable. Gross trade receivables were £991,000 (2010 - £749,000).

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

The group's credit risk is primarily attributable to its trade and other receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the group's management based on prior experience and its assessment of the current economic environment. There is a concentration of receivables credit risk with the group's principal customer, S4C.

At 31 May 2011, trade receivables of £1,737,000 (2010 - £1,304,000) were within the group's standard payment terms of 30 days and trade receivables of £734,000 (2010 - £409,000) were within the company's standard payment terms. The directors believe that no further impairment provision is required. Included in the group and company trade receivable balance are debtors which are past due at the reporting date for which the group has not made an impairment provision. The majority of these amounts are outstanding due to the administrative process in finalising programme paperwork and, as such, are still considered recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

16. OTHER FINANCIAL ASSETS (continued)

Trade and other receivables (continued)

The age of trade receivables past due but not considered impaired is as follows:

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Less than three months	146	446	32	281
Three months to six months	260	20	211	9
Six months to one year	15	51	11	32
Over one year	12	25	2	14
	433	542	256	336

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk.

Other receivables

Other receivables do not include any impaired amounts or any amounts past due. Group other receivables mainly comprise amounts owed from joint ventures, and company other receivables mainly comprise amounts owed from group companies (see note 28 for further detail).

Cash and cash equivalents

These comprise cash in hand and deposits held at call with banks. The carrying amount of these assets approximates their fair value. The group has composite guarantees with companies within the group which represent contingent liabilities. The guarantee at the year-end is £178,000 (2010 - £519,000).

The credit risk on liquid funds is limited because, whilst the majority of liquid funds are held with the group's principal bankers, Coutts, they are also held with various other counterparties, all of which are banks with high credit-ratings assigned by international credit-rating agencies. There is no significant concentration of credit risk on liquid funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

17. INTEREST-BEARING LOANS AND BORROWINGS

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Current liabilities				
Hire purchase and finance lease agreements	581	492	517	460
Non-current liabilities				
Hire purchase and finance lease agreements	634	742	568	681

The hire purchase and finance lease obligations are repayable as follows:

	£'000	£'000	£'000	£'000
Hire purchase contracts and finance leases				
Within one year	581	492	517	460
Between one and two years	534	405	477	369
Between two and five years	100	337	91	312
	1,215	1,234	1,085	1,141

Obligations under finance lease and hire purchase contracts are secured on the related assets. See note 20 for further detail on finance lease contracts.

18. OTHER FINANCIAL LIABILITIES

Trade and other payables

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Current liabilities				
Trade payables	933	830	550	349
Other taxation and social security	822	1,018	509	433
Other creditors	62	40	-	37
Accruals and deferred income	2,109	2,727	1,072	1,070
	3,926	4,615	2,131	1,889
Non-current liabilities				
Other creditors	84	47	84	47

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 14 days (2010 – 17 days) for the group and 17 days (2010 – 13 days) for the company. There are no trade payables past due for either group or company. The directors consider that the carrying amount of trade and other payables approximates their fair value for the group and company. The trade payables, other taxation and social security, will be settled within the next year. The group's and the company's financial liabilities are carried at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

19. DEFERRED TAX

The following are the major deferred tax liabilities recognised by the group and company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £'000	Short-term timing differences £'000	Total £'000
Group			
Balance at 1 June 2009	117	(1)	116
Acquisition of subsidiary	1	-	1
Charge to the income statement	114	1	115
Balance at 1 June 2010	232	-	232
Charge to the income statement	32	-	32
At 31 May 2011	264	-	264
	£'000	**£'000**	**£'000**
Company			
Balance at 1 June 2009	117	(1)	116
Charge to the income statement	110	1	111
Balance at 1 June 2010	227	-	227
Credit to the income statement	(4)	-	(4)
At 31 May 2011	223	-	223

20. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments			
	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Amounts payable under finance leases:				
Within one year	636	526	566	489
In the second to fifth years inclusive	658	762	590	699
Total value of lease obligations	1,294	1,288	1,156	1,188
Less: future finance charges	(79)	(54)	(71)	(47)
Present value of lease obligations	1,215	1,234	1,085	1,141

It is the group's policy to lease certain property, plant and equipment under finance leases. The average lease term is three years. For the year ended 31 May 2011, the average effective borrowing rate was 5.8% (2010 – 6.8%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The carrying amount of the borrowings approximates their fair value.

The contractual payments in respect of finance leases based on the undiscounted cash flows and the earliest date on which the group and company can be required to pay are shown above.

All lease obligations are denominated in sterling. The fair value of the group's lease obligations approximates their carrying amount. The group's obligations under finance leases are secured by the lessors' rights over the leased assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

21. DEFERRED CONSIDERATION

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Current liabilities				
Deferred consideration	192	333	192	333
Non-current liabilities				
Deferred consideration	426	722	426	722
	£'000	**£'000**	**£'000**	**£'000**
Deferred consideration				
Within one year	192	333	192	333
Between one and two years	426	(25)	426	(25)
Between two and five years	-	747	-	747
	618	1,055	618	1,055
	£'000	**£'000**	**£'000**	**£'000**
Movement in deferred consideration				
At 1 June	1,055	209	1,055	209
Adjustment	(227)	-	(227)	-
Payment	(229)	(209)	(229)	(209)
Deferred consideration finance charge	19	24	19	24
Purchase of subsidiary (note 25)	-	1,031	-	1,031
At 31 May	618	1,055	618	1,055

The adjustment in the year relates to a revised estimate to the amount of deferred contingent consideration payable based on future profits in relation to the acquisition of Indus Films Limited in 2010.

22. FINANCIAL INSTRUMENTS

Capital risk management

The group and company manage capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings, are disclosed in the statement of changes in equity.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 2 to the financial statements.

Financial risk management objectives

The Board manages the financial risks of the group and company. These risks may include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

22. FINANCIAL INSTRUMENTS (continued)

Market risk

The group's and company's activities do not expose it to the financial risks of changes in foreign currency exchange rates and interest rates. If these risks arise in future, the Board will consider whether it is appropriate to enter into derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

As the group and company are not susceptible to foreign currency exchange rates and interest rates, no sensitivity analysis has been provided.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group and company. The group and company have adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The group and company only transact with entities that are rated the equivalent to investment grade and above. The group and company exposure and the credit ratings of their counterparties are continuously monitored.

The group and company have a concentration of credit risk with their principal customer, S4C. The credit risk with S4C is limited as S4C is a public service broadcaster. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of directors. The group and company manage liquidity risk by maintaining adequate cash reserves and continuously monitor forecast and actual cash flows. They have no bank borrowings at present.

The group and company expect to meet their obligations from their cash reserves and their operating cash flows. This is currently not a significant risk.

The only interest-bearing liabilities relate to the hire purchase and finance lease arrangements as detailed in note 20.

Fair value of financial instruments

The fair values of non-derivative financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values. The group does not presently have any derivative financial instruments.

23. CALLED UP SHARE CAPITAL

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Authorised				
30,000,000 ordinary shares of 1p each	300	300	300	300
Called up, allotted and fully paid				
8,914,731 ordinary shares of 1p each	89	89	89	89

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

24. SHARE-BASED PAYMENTS

The group, through Boomerang Plus Plc, has a share option scheme for certain employees.

The fair values of services received in return for share options granted to employees are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model (with the expectations of early exercise incorporated into the model).

Details of the share options outstanding during the year were as follows:

	2011 Number of share options	2011 Weighted average exercise price (p)	2010 Number of share options	2010 Weighted average exercise price (p)
Outstanding at beginning of the year	398,894	67.3	405,894	66.7
Forfeited during the year	-	-	(3,500)	28.1
Exercised during the year	-	-	(3,500)	31.3
Outstanding at the end of the year	398,894	67.3	398,894	67.3
Exercisable at the end of the year	398,894	67.3	398,894	67.3

1p shares under option	Grant date	Exercise price	Vesting conditions
EMI share options			
99,500	30 June 2005	25p	Vested
149,317	29 September 2006	36p	Vested
137,280	15 October 2007	124p	Vested
Unapproved share options			
12,797	29 September 2006	156p	Vested

The options outstanding at 31 May 2011 had a weighted average contractual life of 5.3 years (2010 - 6.3 years).

The principal assumptions used in assessing the fair value of share options, using the Black-Scholes model, were as follows:

	2011	2010
Weighted average share price	124p	124p
Weighted average exercise price	124p	124p
Expected volatility	25%	25%
Expected life	2-4 years	2-4 years
Risk-free interest rate	4.5%	4.5%
Expected dividend yield	0%	0%

Share options lapse on the tenth anniversary of the date of grant or on employees leaving the group. 3,500 options lapsed during the year following employees leaving the group (2010 – nil).

Expected volatility was determined by reference to the historical volatility of listed competitors' share prices. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The group recognised total expenses of £nil (2010 - £7,000) related to equity-settled, share-based payment transactions during the year. No share options were granted during the current or prior financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

25. POST BALANCE SHEET EVENTS

On 8 June 2011, Boomerang acquired the trade and certain assets and liabilities of Oxford Scientific Films Limited for cash consideration of £515,000. The acquisition was made through a 70% owned subsidiary, Churchill Films Limited (renamed Oxford Scientific Films Limited on acquisition), with the other 30% owned by the management of the Oxford Scientific Films business.

Outlined below are the provisional fair values of assets acquired. No fair value adjustments have been booked.

	Book and fair value £'000
Net assets acquired	
Property, plant and equipment	19
Receivables	61
Cash and cash equivalents	694
Payables	(555)
	219
Programme library	296
Total consideration	515
Satisfied by	
Cash	515

The excess of the consideration over the net assets acquired has been allocated as programme library.

On 6 July 2011, Boomerang's newly formed joint venture company, Pink Rose Bud Limited, acquired Harlequin Agency Limited, an operatic talent agency, for cash consideration of £200,000. The other 50% of Pink Rose Bud Limited is ultimately owned by Bryn Terfel.

BOOMERANG PLUS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

26. OPERATING LEASE ARRANGEMENTS

	2011 £'000	2010 £'000
Minimum lease payments under operating leases recognised as an expense in the year	310	260

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of office properties which fall due as follows:

	£'000	£'000
Land and buildings		
Within one year	65	197
Between one and two years	93	155
Between two and five years	594	206
	752	558

27. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	Group 2011 £'000	Group 2010 £'000	Company 2011 £'000	Company 2010 £'000
Profit from operations	1,134	608	242	373
Adjustment for:				
Amortisation of intangible fixed assets	57	61	15	12
Depreciation of property, plant and equipment	721	446	549	309
Loss on property, plant and equipment disposals	15	2	-	-
Government grants	(66)	(117)	(66)	(113)
Results of joint venture	30	20	-	-
Provision for impairment of investment	-	70	-	-
Equity-settled share-based payments	-	7	-	7
Foreign exchange	(13)	-	-	-
Operating cash flows before movement in working capital	1,878	1,097	740	588
Increase/(decrease) in receivables	312	(79)	116	(577)
(Decrease)/increase in payables	(974)	2,109	205	809
Decrease/(increase) in inventory	3	(9)	-	-
Cash generated by operations	1,219	3,118	1,061	820
Income taxes paid	(288)	(451)	-	(152)
Interest paid	(98)	(52)	(88)	(47)
Net cash inflow from operating activities	833	2,615	973	621

Additions to plant and machinery during the year amounting to £0.64 million (2010 - £1.11 million) were financed by new finance leases.

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 May 2011

28. RELATED PARTY TRANSACTIONS

Group

The ultimate parent company of the group is Boomerang Plus Plc. There is no one controlling party.

Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and other related parties are disclosed below.

Included in other receivables is £nil (2010 - £6,424) owed by Hanner:Hanner Cyfyngedig, £92,287 (2010 - £70,409) owed by Adnoddau Zoom Cyfyngedig and £250,005 (2010 - £250,005) owed by Calon/Boom JV Limited which are 50% joint ventures of Boomerang Plus Plc. Also included in other receivables is £43,333 (2010 - £43,333) owed by Media4Enterprises Limited which is now a 40% joint venture of Boomerang Plus Plc, and £46,250 (2010 - £46,250) from Big Freeze Limited, which is a 25% associate.

R Huntingford, a director of the company, provided consultancy services of £nil (2010 - £5,000) during the year in addition to his remuneration as non-executive Chairman.

E Walford, a close family member of a director, provided services of £700 (2010 - £nil) as a freelance presenter to the group. Holly Accountants, a close family member of a director, provided consultancy services of £14,600 (2010 - £13,900) to the group.

The remuneration of the directors, who are key management personnel of the group, is set out in note 6.

Sales of goods to related parties were made at the group's usual list prices, no discounts being given. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

BOOMERANG PLUS PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28. RELATED PARTY TRANSACTIONS (continued)

	2011		2010	
	Sale of services £'000	Purchase of services £'000	Sale of services £'000	Purchase of services £'000
Company				
Teledu Apollo Cyfyngedig	320	-	168	-
Fflic Cyfyngedig	174	257	287	-
Mwnci Cyfyngedig	23	123	24	360
Boom Talent Limited	-	77	-	-
Boom Freesports Limited	-	-	-	30
Indus Films Limited	31	-	3	-
	548	457	482	390

	2011		2010	
	Amounts owed by related parties £'000	Amounts owed to related parties £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
Company				
Fflic Cyfyngedig	138	-	149	-
Mwnci Cyfyngedig	-	11	-	1
Teledu Apollo Cyfyngedig	77	-	-	31
Cynhyrchiadau Alfresco Productions Cyfyngedig	-	2	-	2
218 Holdings Limited	41	-	41	-
Boom Talent Limited	27	-	82	-
Boom Freesports Limited	3	-	-	3
Hanner:Hanner Cyfyngedig	-	-	6	-
Adnoddau Zoom Cyfyngedig	92	-	70	-
Calon/Boom JV Limited	250	-	250	-
Boom Films Limited	-	-	219	-
Cynhyrchiadau Boomerang Cyfyngedig	27	-	27	-
Media4Enterprises Limited	43	-	43	-
Boom Extreme Publishing Limited	687	-	607	-
Indus Films Limited	-	24	4	-
Big Freeze Limited	46	-	46	-
	1,431	37	1,544	37

Sales of goods to related parties were made at the company's usual list prices, no discounts being given. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.