Consolidated Statements of Cash Flows

For the period ended	*13 Weeks Ended*	
(Unaudited & not reviewed by an auditor)	**Aug. 1, 2009**	Aug. 2, 2008
Operating activities		
Net loss	**$ (144,447)**	$ (157,153)
Items not affecting cash:		
Future income taxes	**17,992**	6,064
Amortization of capital assets	**68,954**	71,399
Amortization of development costs	**27,175**	24,433
Amortization of trademarks and other intangibles	**1,711**	1,711
	(28,615)	(53,546)
Net changes in non-cash working capital balances (*)	**(222,521)**	(88,696)
Cash flows used in operating activities	**(251,136)**	(142,242)
Financing activities		
Repayment of capital lease obligations	**(10,882)**	(14,559)
Cash flows used in financing activities	**(10,882)**	(14,559)
Investing activities		
Additions to development costs	**(34,558)**	(35,240)
Additions to capital assets	**(20,571)**	(144,617)
Cash flows used in investing activities	**(55,129)**	(179,857)
Net change in cash and cash equivalents	**$ (317,147)**	$ (336,658)
Cash and cash equivalents, beginning of period	**407,378**	853,214
Cash and cash equivalents, end of period	**$ 90,231**	$ 516,656
Components of net cash and cash equivalents		
Cash	**$ 90,231**	$ 16,656
Short-term investment	**-**	500,000
Cash and cash equivalents, end of period	**$ 90,231**	$ 516,656

(*) Components of the net changes in non-cash working capital balances related to operations		
Decrease in accounts receivable	**$ 559,522**	$ 114,535
Increase in inventories	**(150,341)**	(59,378)
Decrease (increase) in prepaid video royalties	**43,711**	(48,429)
Decrease (increase) in prepaid expenses and deposits	**(231,048)**	2,042
Increase in income taxes recoverable	**-**	(83,948)
Decrease in accounts payable and accrued liabilities	**(366,778)**	(13,518)
Decrease in income taxes payable	**(77,587)**	-
	$ (222,521)	$ (88,696)

The accompanying notes are an integral part of the Interim Consolidated Financial Statements.

Report to Shareholders

We are reporting our unaudited consolidated financial and operating results for the first quarter ended August 1, 2009.

Sales for the quarter were $2,316,575 compared to $1,967,096 during the same quarter last year, an increase of 18%. Net loss for the quarter was $144,447 ($0.02 per share) compared with a net loss of $157,153 ($0.02 per share) in the same quarter last year.

During the first quarter of fiscal 2010, we were able to successfully grow our sales revenue by 18% in a recessionary global economy and we remain positive for the balance of this year. As the majority of our customers are in the United States, the strengthening Canadian dollar against the United States dollar has had an unfavourable impact on our first quarter results.

BFS Entertainment & Multimedia Limited is a recognised independent manufacturer and distributor of home video with head office in Toronto, Ontario.

BFS acquires exclusive rights to film and television programming for home video distribution and broadcast where applicable. Distribution rights are obtained by license, acquisition and co-production from various independent production and television broadcast companies. These programming rights are developed into home video products for North American distribution and where applicable, are licensed internationally.

Programming includes classic dramas, mystery, comedy, sports, documentaries and health and wellness and is sold under the BFS Video, American Home Treasures and Bodhi Lifestyle™ brands. North American distribution is through national retailers, distributors, mail order companies and BFS' direct to consumer division.

BFS' strategy is to continue to acquire new programming and to expand its proprietary programme development, international distribution and direct to consumer electronic delivery.

Denis B.E. Donnelly
Chairman, President & CEO
September 25, 2009

Shareholders and other individuals requesting copies of the Annual and Quarterly Reports should contact:
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B·F·S ENTERTAINMENT & MULTIMEDIA LIMITED

FOR THE THREE MONTH PERIOD
ENDED **AUGUST 1, 2009**

B·F·S VIDEO
AMERICAN HOME TREASURES
BODHI lifestyle.

Consolidated Statements of Operations

For the period ended	*13 Weeks Ended*	
(Unaudited & not reviewed by an auditor)	**Aug. 1, 2009**	Aug. 2, 2008
Sales	**$ 2,316,575**	$ 1,967,096
Cost of goods sold	**876,168**	752,560
Gross profit	**1,440,407**	1,214,536
Expenses		
Selling	**615,091**	728,000
Administrative	**710,866**	624,311
Foreign exchange (gain) loss	**218,521**	(3,256)
Interest expense	**2,131**	2,975
Amortization	**97,840**	97,543
	1,644,449	1,449,573
Loss before income taxes	**(204,042)**	(235,037)
Income taxes (recovered)		
Current	**(77,587)**	(83,948)
Future	**17,992**	6,064
	(59,595)	(77,884)
Net loss	**$ (144,447)**	$ (157,153)
Basic and diluted loss per share (Note 3)	**$ (0.02)**	$ (0.02)

Consolidated Statements of Retained Earnings

For the period ended	*13 Weeks Ended*	
(Unaudited & not reviewed by an auditor)	**Aug. 1, 2009**	Aug. 2, 2008
Retained earnings – beginning of period	**$ 2,139,417**	$ 1,788,174
Net loss	**(144,447)**	(157,153)
Retained earnings – end of period	**$ 1,994,970**	$ 1,631,021

The accompanying notes are an integral part of the Interim Consolidated Financial Statements.

Consolidated Balance Sheets

As at *(Unaudited & not reviewed by an auditor)*	**August 1, 2009**	May 2, 2009
Assets		
Current		
Cash	**$ 90,231**	$ 407,378
Accounts receivable	**1,147,540**	1,707,062
Inventories	**1,884,996**	1,734,655
Prepaid video royalties	**1,148,426**	1,192,137
Prepaid expenses and deposits	**345,339**	114,291
Future income taxes	**83,360**	91,608
	4,699,892	5,247,131
Investment in productions	**50,000**	50,000
Development costs	**216,541**	209,158
Trademarks and other intangibles	**40,545**	42,256
Capital assets	**626,104**	674,487
Future income taxes	**45,386**	55,130
	$ 5,678,468	$ 6,278,162
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 1,402,805**	$ 1,769,583
Income taxes payable	**163,171**	240,758
Capital lease obligations due within one year	**37,473**	41,433
	1,603,449	2,051,774
Capital lease obligations	**1,823**	8,745
	1,605,272	2,060,519
Shareholders' Equity		
Capital stock (Note 3)	**2,078,226**	2,078,226
Retained earnings	**1,994,970**	2,139,417
	4,073,196	4,217,643
	$ 5,678,468	$ 6,278,162

The accompanying notes are an integral part of the Interim Consolidated Financial Statements.

Notes to Interim Consolidated Financial Statements *(unaudited & not reviewed by an auditor)*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in these unaudited interim consolidated financial statements conform to those presented in the company's May 2, 2009 audited annual consolidated financial statements. These interim consolidated financial statements do not include all of the disclosures included in the annual consolidated financial statements and accordingly, should be read in conjunction with the annual consolidated financial statements.

The accompanying unaudited interim financial statements of the company have been prepared by and are the responsibility of the company's management.

The company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

2. BANK INDEBTEDNESS

As of August 1, 2009, the company had an operating line of credit in the amount of $1,500,000 (May 2, 2009 – $1,500,000) of which $215,000 (May 2, 2009 - $155,000) was outstanding at that date. The outstanding portion of the line of credit bears interest at the bank prime rate plus 0.5% per annum payable monthly. A general security providing a first charge over all accounts receivable, inventories and equipment, other than leased assets, has been pledged as security for this operating line of credit.

3. CAPITAL STOCK

Authorized

Unlimited common shares

Issued – Common Shares

	Shares	Amount
Balance – beginning of year and end of period	7,524,333	$ 2,078,226

On September 17, 2008, the company received approval from the TSX Venture Exchange to purchase, pursuant to a normal course issuer bid expiring on September 21, 2009, a maximum of 422,483 common shares of the company for cancellation. The company has purchased 304,000 shares as part of the normal course issuer bid for $32,090 for cancellation.

The following table sets out the computation of basic and diluted earnings (loss) per share:

	2010	2009
Numerator:		
Net loss available to common shareholders	**$ (144,447)**	$ (157,153)
Denominator:		
Weighted average shares for basic earnings per share	**7,524,333**	7,828,333
Weighted average shares for diluted earnings per share	**7,524,333**	7,828,333
Basic and diluted loss per share	**$ (0.02)**	$ (0.02)

4. SUBSEQUENT EVENT

On September 15, 2009, the company received approval from the TSX Venture Exchange to purchase, pursuant to a normal course issuer bid expiring on September 21, 2010, a maximum of 392,083 common shares of the company for cancellation. Pursuant to the approval, the company has purchased no common shares for cancellation as at September 25, 2009.

On September 15, 2009, the shareholders of the company approved a new stock option plan for directors, officers and employees, enabling them to purchase common shares of the company. A total of 750,000 common shares of the company have been reserved for options under this plan. Each option entitles the holder to purchase one common share of the company. As at September 25, 2009, there were no options outstanding.

FIRST QUARTER REPORT 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management's discussion and analysis of the financial results of BFS Entertainment & Multimedia Limited should be read in conjunction with the unaudited financial statements and related notes for the period ending August 1, 2009 and the audited financial statements and related notes for the period ending May 2, 2009. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All information is presented in Canadian dollars.

This report may contain forward-looking statements, including statements regarding the future success of our business strategies and future market opportunities. These statements are neither promises nor guarantees, but involve known and unknown risks and uncertainties that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed in or implied by these forward-looking statements. These risks include risks related to our sales growth, operating results, industry and products as well as other factors discussed below and elsewhere in this report. Readers should not place undue reliance on any such forward-looking statements, which speak only as of the date they were made. We disclaim any obligation to publicly update or revise such statements to reflect any change in our expectations or in events, conditions or circumstances on which any such statements may be based or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements. This information contained in this management's discussion and analysis report updates for the year ended May 2, 2009 for material changes that have taken place. Additional information relating to BFS is filed at www.sedar.com. This management's discussion and analysis is dated September 25, 2009.

RESULTS FROM OPERATIONS

Selected annual information of operations data	Thirteen Weeks Ended			
(Unaudited & not reviewed by an auditor)		**Aug. 1, 2009**		Aug. 2, 2008
Sales	**$**	**2,316,575**	$	1,967,096
Cost of goods sold		**876,168**		752,560
Gross profit		**1,440,407**		1,214,536
Gross profit %		**62%**		62%
Selling and administrative expenses		**1,325,957**		1,352,311
Foreign exchange loss (gain)		**218,521**		(3,256)
Interest expense		**2,131**		2,975
Amortization		**97,840**		97,543
Net loss		**(144,447)**		(157,153)
Basic and diluted loss per share	**$**	**(0.02)**	$	(0.02)
Weighted average number of shares		**7,524,333**		7,828,333

Sales increased by 18% during the first quarter when compared to the same period in the prior year. We have had continued success in maintaining our revenue base and we remain positive for the balance of this year. As the majority of our customers are in the U.S., the strengthening Canadian dollar against the United States dollar has had an unfavourable impact on our sales.

Sales for the quarter were $2,316,575 compared to $1,967,096 during the same quarter last year, an 18% increase over the prior year.

Gross profit for the quarter was $1,440,407 (62% of sales) compared to $1,214,536 (62% of sales) in the prior year.

Selling and administrative expenses for the quarter were $1,325,957 (57% of sales) compared to $1,352,311 (69% of sales) in the prior year, a decrease in the quarter of $26,354 over the previous year. Advertising and promotions decreased by $107,588 resulting from a reconfiguration of the frequency and timing of catalogue mailings. Salaries and benefits increased by $80,736 due to the addition of sales and merchandising staff. Other expenses decreased by a net $498 for the three months over the previous year.

Foreign exchange loss for the quarter was $218,521 compared to a gain of $3,256 in the prior year. In the current quarter, the Canadian dollar against the United States dollar appreciated by approximately 9% compared to a depreciation of approximately 1% in the prior year. As the majority of our customers are in the United States, the strengthening Canadian dollar against the United States dollar has had an unfavourable impact on the company's net financial instruments denominated in foreign currencies in the quarter.

Amortization of capital assets and deferred development costs was $97,840 for the quarter compared to $97,543 in the prior year.

Loss before income taxes in this quarter was $204,042 compared to $235,037 in the prior year.

Net loss for the quarter was $144,447 or $0.02 per share for this year, compared to a net loss of $157,153 or $0.02 per share in the prior year.

Weighted average number of shares outstanding for the first quarter was 7,524,333.

FINANCIAL CONDITION AS AT AUGUST 1, 2009

Selected data on financial condition				
(Unaudited & not reviewed by an auditor)		**Aug. 1, 2009**		May 2, 2009
Cash	**$**	**90,231**	$	407,378
Net working capital		**3,096,443**		3,195,357
Total assets		**5,678,468**		6,278,162
Total long-term liabilities		**1,823**		8,745
Total liabilities		**1,605,272**		2,060,519
Shareholders' equity		**4,073,196**		4,217,643

Total assets of the company at the end of the quarter decreased to $5,678,468 compared to $6,278,162 at the prior year end, primarily due to a decrease in cash and cash equivalents and a decrease in accounts receivable offset by an increase in prepaid expenses and deposits.

Cash and cash equivalents decreased by $317,147 from the prior year end to $90,231.

Accounts receivable decreased to $1,147,540 from $1,707,062 at the prior year end due to normal and expected seasonal decreases.

Inventory increased to $1,884,996 from $1,734,655 at the prior year end due to anticipated quarter sales seasonality, increased new product offerings and timing of catalogue mailings.

Prepaid royalties for video products decreased to $1,148,426 from $1,192,137 at the prior year end.

Capital assets decreased to $626,104 from $674,487 at the prior year end. Continuing capital expenditures for the quarter for master tapes were $15,206.

Total liabilities decreased to $1,605,272 from $2,060,519 at the prior year end primarily from the decrease in accounts payable.

Shareholders' equity decreased by $144,447 from $4,217,643 at the prior year end. The share capital as at August 1, 2009 was $2,078,226 with 7,524,333 shares outstanding unchanged from the prior year end.

(continued on next page)

CAPITAL REQUIREMENTS, RESOURCES AND LIQUIDITY

At year end, the company had an operating line of credit of $1,500,000 of which $215,000 was outstanding. A registered general agreement providing a first charge over all accounts receivable, inventories and equipment, other than leased assets, has been provided as security for this operating line of credit.

On September 17, 2008, the company received approval from the TSX Venture Exchange to purchase, pursuant to a normal course issuer bid expiring on September 21, 2009, a maximum of 422,483 shares of the company for cancellation. The company purchased 304,000 shares as part of the normal course issuer bid for $32,090 for cancellation.

SUBSEQUENT EVENTS

Normal Course Issuer Bid approved

On September 15, 2009, the company received approval from the TSX Venture Exchange to purchase, pursuant to a normal course issuer bid expiring on September 21, 2010, a maximum of 392,083 common shares of the company for cancellation. Pursuant to the approval, the company has purchased no common shares for cancellation as at September 25, 2009.

Stock Option Plan approved

On September 15, 2009, the shareholders of the company approved a new stock option plan for directors, officers and employees, enabling them to purchase common shares of the company. A total of 750,000 common shares of the company have been reserved for options under this plan. Each option entitles the holder to purchase one common share of the company. As at September 25, 2009, there were no options outstanding.