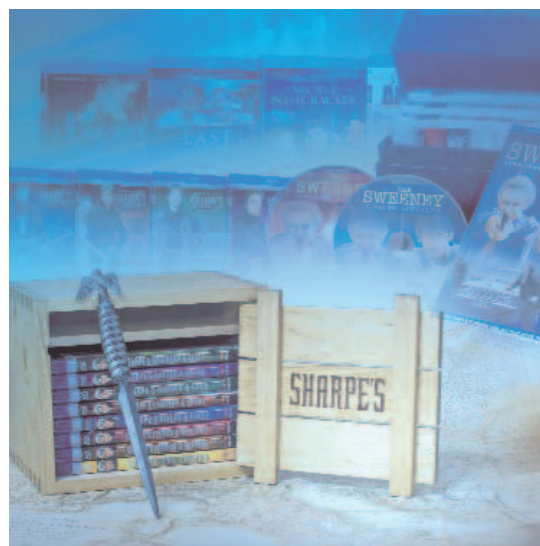


B·F·S

ENTERTAINMENT
& MULTIMEDIA
LIMITED



**Consolidated Interim
Financial Statements
(Unaudited)**

**For the thirteen weeks ended
August 6, 2011**

These accompanying unaudited interim consolidated financial statements as at and for the thirteen weeks ended August 6, 2011 have not been reviewed by the Company's auditor.

B·F·S
VIDEO

AMERICAN
HOME
TREASURES

BODHI
lifestyle.

CONSOLIDATED BALANCE SHEETS

(Unaudited - in Canadian Dollars)

as at	August 6, 2011	May 7, 2011	May 2, 2010
Assets			
Current			
Cash	\$ 424,474	\$ 373,070	\$ 248,666
Accounts receivable	1,850,739	1,436,387	2,029,375
Inventories	1,581,419	1,612,493	1,745,247
Prepaid video royalties	1,289,815	1,322,576	1,288,754
Prepaid expenses and deposits	193,995	289,838	238,585
Income taxes recoverable	174,968	110,077	-
	5,515,410	5,144,441	5,550,627
Investment in productions	168,869	168,269	100,836
Intangible assets (Note 4)	173,306	191,646	231,761
Property and equipment (Note 5)	551,299	601,340	474,197
Deferred income taxes	131,389	131,945	176,196
	\$ 6,540,273	\$ 6,237,641	\$ 6,533,617
Liabilities			
Current			
Bank indebtedness (Note 6)	\$ 1,260,784	\$ 900,000	\$ 1,180,000
Accounts payable and accrued liabilities	1,410,610	1,326,872	1,204,743
Income taxes payable	-	-	8,455
Capital lease obligations due within one year	33,891	33,911	8,745
	2,705,285	2,260,783	2,401,943
Capital lease obligations	63,536	72,168	-
	2,768,821	2,332,951	2,401,943
Shareholders' Equity			
Capital stock (Note 7)	2,078,226	2,078,226	2,078,226
Contributed surplus	9,587	9,587	9,587
Retained earnings	1,683,639	1,816,877	2,043,861
	3,771,452	3,904,690	4,131,674
	\$ 6,540,273	\$ 6,237,641	\$ 6,533,617

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF OPERATIONS & COMPREHENSIVE INCOME

(Unaudited - in Canadian Dollars)

For the period ended	13 Weeks Ended	
	August 6, 2011	July 31, 2010
Sales	\$ 2,228,463	\$ 2,476,796
Cost of goods sold	873,876	1,005,978
Gross profit	1,354,587	1,470,818
Expenses		
Selling	816,383	756,944
Administrative	657,511	719,621
Amortization of intangible assets	18,340	19,320
Amortization of property and equipment	60,204	58,351
	1,552,438	1,554,236
Loss from Operations	(197,851)	(83,418)
Net finance charges		
Interest expense (Note 6)	10,775	6,954
Foreign exchange gain	(11,053)	(53,594)
	(278)	(46,640)
Loss before income taxes	(197,573)	(36,778)
Income taxes recovery	(64,335)	(4,925)
Net loss and comprehensive loss	\$ (133,238)	\$ (31,853)
Basic and diluted net loss per share (Note 7)	\$ (0.02)	\$ (0.00)

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited - in Canadian Dollars)

	Number of Common Shares	Capital Stock	Contributed Surplus	Retained Earnings	Total Shareholders' Equity
At May 2, 2010	7,524,333	\$ 2,078,226	\$ 9,587	\$ 2,043,861	\$ 4,131,674
Net loss for the period	-	-	-	(31,853)	(31,853)
At July 31, 2010	7,524,333	\$ 2,078,226	\$ 9,587	\$ 2,012,008	\$ 4,099,821
At May 7, 2011	7,524,333	\$ 2,078,226	\$ 9,587	\$ 1,816,877	\$ 3,904,690
Net loss for the period	-	-	-	(133,238)	(133,238)
At August 6, 2011	7,524,333	\$ 2,078,226	\$ 9,587	\$ 1,683,639	\$ 3,771,452

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - in Canadian Dollars)

<i>For the period ended</i>	13 Weeks Ended	
	August 6, 2011	July 31, 2010
Operating activities		
Net loss	\$ (133,238)	\$ (31,853)
Items not affecting cash:		
Deferred income taxes	556	(14,980)
Amortization of intangible assets	18,340	19,320
Amortization of property and equipment	60,204	58,351
	(54,138)	30,838
Net changes in non-cash working capital balances (Note 8)	(235,827)	567,902
Cash flows provided by (used in) operating activities	(289,965)	598,740
Financing activities		
Increase (decrease) in bank indebtedness	360,784	(410,000)
Repayment of capital lease obligations	(8,652)	(6,922)
Cash flows provided by (used in) financing activities	352,132	(416,922)
Investing activities		
Additions to investment in productions	(600)	-
Additions to intangible assets	-	(8,309)
Additions to property and equipment	(10,163)	(48,773)
Cash flows used in investing activities	(10,763)	(57,082)
Net change in cash	51,404	124,736
Cash, beginning of period	373,070	248,666
Cash, end of period	\$ 424,474	\$ 373,402

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Thirteen Weeks Ended August 6, 2011 (Unaudited - in Canadian Dollars)

1 | NATURE OF OPERATIONS

BFS Entertainment & Multimedia Limited (the "Company") was incorporated under the laws of Ontario on February 4, 1980. The Company is a recognised independent distributor of home videos. The Company markets and distributes a specialty line of home videos throughout North America. Under exclusive North American license agreements, the Company sells its products through various channels, including retailers, distributors, mail order houses, as well as its own specialized mail order catalogue and e-commerce websites.

2 | ACCOUNTING POLICIES

(a) Statement of compliance

The unaudited consolidated interim financial statements of the Company comply with International Financial Reporting Standards ("IFRS"). These are the Company's first financial statements prepared in accordance with IFRS. These unaudited consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended May 7, 2011. The disclosures concerning the transition from Canadian GAAP to IFRS are included in Note 15. These unaudited consolidated interim financial statements were approved by the Board of Directors on October 31, 2011.

(b) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, BFS Entertainment Limited (U.S. company), Collectables Direct Inc., Collectables Direct Inc. (U.S. company) and Oopsadaisy Television Productions Inc.

In addition to the above, the Company owns a majority interest in BFS Film & Television Productions Inc. ("BFS F&T"). On June 1, 2010, BFS F&T entered into a shareholders' agreement with Kip Spidell. Upon signing the agreement, Mr. Spidell received 62 common shares in the capital of BFS F&T. The shareholders' agreement further provided for the issuance of additional common shares to Mr. Spidell as follows: 63 shares on the first anniversary of the agreement; 62 shares on the second anniversary and 63 shares on the third anniversary of the agreement. Provided Mr. Spidell receives all of the shares allotted to him pursuant to the terms of the shareholders' agreement, he will hold 25% of the issued and outstanding shares in the capital of BFS F&T by June 1, 2013. The share in the net loss of BFS F&T attributable to the non-controlling interest has been determined to be not significant.

(c) Management estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The allowance for doubtful accounts, returns for overstock exchanges, net realisable value of inventory, prepaid video royalties, investment in productions, amortization, impairment of intangible assets, property and equipment and the valuation of deferred income taxes are subject to significant estimates. Actual amounts could differ from these estimates.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts and highly liquid temporary money market instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

(e) Accounts receivable

Accounts receivable are carried at amounts due, net of a provision for amounts estimated to be uncollectable and net of an allowance for estimated returns for overstock exchanges of \$217,900 (May 7, 2011 - \$328,874).

(f) Inventories

Inventories of DVDs and other merchandise are valued at the lower of cost, determined on a first-in, first-out basis and net realisable value and include an allowance for estimated returns for overstock exchanges.

(g) Prepaid video royalties

The Company makes advance royalty payments to secure its video license agreements. These payments are treated as prepaid video royalties and are expensed as part of cost of goods sold when sales are made. The prepaid video royalties are considered to be impaired if their carrying values exceed their fair value. An allowance is provided for any impairments to prepaid video royalties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Thirteen Weeks Ended August 6, 2011 (Unaudited - in Canadian Dollars)

(continued)

(h) Investment in productions

Investment in productions includes the direct production costs of a completed production which has been produced by the Company and productions in progress and development. Production costs are written off at the earlier of the date they are determined not to be recoverable or when abandoned. Production costs are amortized using the individual-film-forecast method, whereby these costs are amortized in the proportion that current year's revenue bears to management's estimate of ultimate revenue expected to be recognized from the exploitation, exhibition or sale of the productions. These costs have not yet been amortized as there has been no revenue from sale of productions.

(i) Intangible assets

Intangible assets include trademarks, computer software, licensing agreements and website development costs. These assets are recorded at cost less accumulated amortization. Amortization is provided for on a straight-line basis over the estimated useful life of the assets at the following annual rates:

Trademarks	40 years
Licensing agreements	5 years
Computer software	2 years
Website development	4 years

(j) Property and equipment

Property and equipment are stated at cost less accumulated amortization. Amortization is provided for over the estimated useful life of the assets at the following annual rates (with the first year amortized at the full annual rate) and methods:

Office and warehouse equipment	20% – declining balance
Computer hardware	30% – declining balance
Leasehold improvements	Straight-line over the term of the lease
Automotive	5 years – straight-line after deducting a 20% residual value at the end of 5 years
Master tapes	4 years – straight-line
Assets under capital leases:	
Computer hardware, computer software and warehouse equipment	Straight-line over the term of the related leases

(k) Revenue recognition

Revenue is derived from the sale of video products and merchandise, net of allowance of estimated returns. Revenue is recorded when the products are shipped to customers and collectability is reasonably assured.

Revenue from the sale of productions is recognised when there is persuasive evidence of a sale with fixed or determinable fee, the production is complete and delivered, the licensing period has begun and collection is reasonably assured.

(l) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of operations and comprehensive income. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income (loss) in the period that substantive enactment occurs. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Thirteen Weeks Ended August 6, 2011 (Unaudited - in Canadian Dollars)

(continued)

(m) Foreign currency translation

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate and non-monetary assets and liabilities at the historical rates. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss.

Financial statements of the Company and its subsidiaries are translated from their functional currency to the presentation currency as follows: all asset and liability accounts are translated at the period-end exchange rate and all earnings and expense accounts are translated at average exchange rates for the period. The resulting translation gains and losses are recognized in other comprehensive income.

The functional currency of BFS Entertainment Limited (U.S. company) and Collectables Direct Inc. (U.S. company) is the United States dollar.

(n) Stock-based compensation

The grant date fair value of options granted to directors, officers and employees is recognized as an employee expense, with a corresponding increase in contributed surplus, over the period that the grantee becomes unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

The fair value of the options is measured at grant date, using an option pricing model that takes into account the exercise price, the term of the option, the current share price, the expected volatility of the underlying shares, the expected dividend yield and the risk-free rate for the term of the option. If the options are exercised, contributed surplus will be reduced by the applicable amount. Stock-based compensation calculations have no effect on the Company's cash position.

(o) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise convertible warrants and share options granted to directors, officers, employees, consultants and other service providers of the Company.

(p) Impairment of long-lived assets

The Company's long-lived assets comprising investment in productions, intangible assets and property and equipment are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of the asset's 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. An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(q) Financial instruments

Financial assets

Financial assets at fair value through profit or loss ("FVTPL").

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Thirteen Weeks Ended August 6, 2011 (Unaudited - in Canadian Dollars)

(continued)

Held to maturity

Financial assets that have a fixed maturity date and for which the Company has a positive intention and the ability to hold to maturity are classified as held to maturity, which are subsequently re-measured at amortized cost using the effective interest rate method.

Loans and receivables

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets in return for a promise to repay on a specified date or on demand usually with interest. Loans and receivables are subsequently re-measured at amortized cost using the effective interest rate method.

Available for sale

Available for sale assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Financial assets classified as available for sale are subsequently re-measured if they have quoted market value in an active market. Otherwise, these investments are carried at cost and are written down and recognized in other comprehensive income (loss), when impairment is considered that is other than temporary.

Financial liabilities

FVTPL

Financial liabilities that are held with the intention of generating profits in the near term and derivative contracts that are financial liabilities, except for a derivative that is a designated and effective hedging instrument, are classified as held for trading. In addition, any other financial liabilities can be designated by the Company upon initial recognition as held for trading. These instruments are subsequently re-measured at fair value with the change in the fair value recognized in net income during the period.

Other financial liabilities

Non-derivative financial liabilities that have not been designated as held for trading are classified as other liabilities, which are subsequently re-measured at amortized cost using the effective interest rate method.

The Company has classified its financial instruments as follows:

Financial instrument	Classification
Cash	FVTPL
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Bank indebtedness	Other financial liabilities
Capital lease obligations	Other financial liabilities

The Company's financial instruments measured at fair value on the balance sheet consist of cash and are measured at level 1 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

- Level 1:** Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2:** Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.
- Level 3:** Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

3 | RECENTLY ISSUED ACCOUNTING ANNOUNCEMENTS

Certain pronouncements were issued by the International Accounting Standards Board "IASB" or the International Financial Reporting Interpretations Committee "IFRIC" that are mandatory for accounting periods after December 31, 2010 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine the resultant impact on the Company.

- (i) IFRS 9 Financial Instruments was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. The IASB has proposed to move the effective date of IFRS 9 to January 1, 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Thirteen Weeks Ended August 6, 2011 (Unaudited - in Canadian Dollars)

(continued)

- (ii) IFRS 10 Consolidated Financial Statements was issued by the IASB in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
- (iii) IFRS 11 Joint Arrangements was issued by the IASB in May 2011. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Venturers and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
- (iv) IFRS 12 Disclosure of Interests in Other Entities was issued by the IASB in May 2011. IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
- (v) IFRS 13 Fair Value Measurement was issued by the IASB in May 2011. IFRS 13 establishes new guidance on fair value measurement and disclosure requirements for IFRS and US generally accepted accounting principles (GAAP). The guidance, set out in IFRS 13 and an update to Topic 820 in the FASB Accounting Standards Codification (formerly referred to as SFAS 157), completes a major project of the boards' joint work to improve IFRS and US GAAP and to bring about their convergence. The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.
- (vi) IAS 1 Presentation of Financial Statements was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Thirteen Weeks Ended August 6, 2011 (Unaudited - in Canadian Dollars)

(continued)

4 | INTANGIBLE ASSETS

<i>(in dollars)</i>	Trademarks	Licensing agreements	Computer software	Website development	Total
Cost					
As at May 2, 2010	33,738	30,000	447,649	298,841	810,228
Additions	-	-	4,605	38,976	43,581
Transfer from completed finance lease	-	-	5,323	-	5,323
Disposals	-	-	-	-	-
As at May 7, 2011	33,738	30,000	457,577	337,817	859,132
Accumulated amortization					
As at May 2, 2010	11,825	16,500	437,312	112,830	578,467
Amortization	844	6,000	12,639	64,213	83,696
Transfer from completed finance lease	-	-	5,323	-	5,323
Disposals	-	-	-	-	-
As at May 7, 2011	12,669	22,500	455,274	177,043	667,486
Net book value, as at May 7, 2011	21,069	7,500	2,303	160,774	191,646
Cost					
As at May 7, 2011	33,738	30,000	457,577	337,817	859,132
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at August 6, 2011	33,738	30,000	457,577	337,817	859,132
Accumulated amortization					
As at May 7, 2011	12,669	22,500	455,274	177,043	667,486
Amortization	211	1,500	576	16,053	18,340
Disposals	-	-	-	-	-
As at August 6, 2011	12,880	24,000	455,850	193,096	685,826
Net book value, as at August 6, 2011	20,858	6,000	1,727	144,721	173,306

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Thirteen Weeks Ended August 6, 2011 (Unaudited - in Canadian Dollars)

(continued)

5 | PROPERTY AND EQUIPMENT

<i>(in dollars)</i>	Office & warehouse equipment	Computer hardware	Leasehold improvements	Automotive	Master tapes	Finance Lease*	Total
Cost							
As at May 2, 2010	369,580	544,524	108,196	58,420	3,215,257	74,913	4,370,890
Additions	2,465	22,660	2,525	77,995	183,756	106,079	395,480
Transfer from completed finance lease	15,820	53,770	-	-	-	(74,913)	(5,323)
Disposals	(10,200)	-	-	-	-	-	(10,200)
As at May 7, 2011	377,665	620,954	110,721	136,415	3,399,013	106,079	4,750,847
Accumulated amortization							
As at May 2, 2010	315,879	515,476	99,540	11,684	2,889,166	64,948	3,896,693
Amortization	11,200	15,512	2,795	19,490	209,375	9,965	268,337
Transfer from completed finance lease	15,820	53,770	-	-	-	(74,913)	(5,323)
Disposals	(10,200)	-	-	-	-	-	(10,200)
As at May 7, 2011	332,699	584,758	102,335	31,174	3,098,541	-	4,149,507
Net book value, as at May 7, 2011	44,966	36,196	8,386	105,241	300,472	106,079	601,340
Cost							
As at May 7, 2011	377,665	620,954	110,721	136,415	3,399,013	106,079	4,750,847
Additions	-	-	-	-	10,163	-	10,163
Disposals	-	-	-	-	-	-	-
As at August 6, 2011	377,665	620,954	110,721	136,415	3,409,176	106,079	4,761,010
Accumulated amortization							
As at May 7, 2011	332,699	584,758	102,335	31,174	3,098,541	-	4,149,507
Amortization	2,237	2,715	699	5,457	40,256	8,840	60,204
Disposals	-	-	-	-	-	-	-
As at August 6, 2011	334,936	587,473	103,034	36,631	3,138,797	8,840	4,209,711
Net book value, as at August 6, 2011	42,729	33,481	7,687	99,784	270,379	97,239	551,299

* (Computer hardware, computer software and warehouse equipment under finance lease)

6 | BANK INDEBTEDNESS

As at August 6, 2011, the Company had an operating line of credit in the amount of \$1,500,000 (May 7, 2011 - \$1,500,000) of which \$1,260,784 (May 7, 2011 - \$900,000) 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 agreement 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. Effective May 7, 2011, the Company was in breach of one of its financial covenants with its lender. The lender has, however, agreed to waive its right to claim breach of covenant for the period ending May 5, 2012.

7 | CAPITAL STOCK

Authorized:

Unlimited Common shares

Issued:

	Shares	Amount
Balance – beginning and end of period, May 7, 2011 and August 6, 2011	7,524,333	\$ 2,078,226

On September 16, 2010, the Company received approval from the TSX Venture Exchange to purchase, pursuant to a normal course issuer bid expiring on September 21, 2011, a maximum of 401,883 common shares of the Company for cancellation. Pursuant to the approval, the Company has purchased no common shares for cancellation to September 21, 2011.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Thirteen Weeks Ended August 6, 2011 (Unaudited - in Canadian Dollars)

(continued)

Subsequent to August 6, 2011, a new normal course issuer bid was approved by the TSX Venture Exchange. See Note 14 - Subsequent Event for details.

Earnings per share:

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

	August 6, 2011	July 31, 2010
Numerator:		
Net loss available to common shareholders	\$ (133,238)	\$ (31,853)
Denominator:		
Weighted average shares for basic loss per share	7,524,333	7,524,333
Weighted average shares for diluted loss per share	7,524,333	7,524,333
Basic and diluted loss per share	\$ (0.02)	\$ (0.00)

8 | STATEMENT OF CASH FLOWS

Net changes in non-cash working capital balances:

	August 6, 2011	July 31, 2010
Decrease (increase) in accounts receivable	\$ (414,352)	\$ 818,141
Decrease in inventories	31,074	25,577
Decrease (increase) in prepaid video royalties	32,761	(106,215)
Increase in income taxes recoverable	(64,891)	-
Decrease (increase) in prepaid expenses and deposits	95,843	(103,590)
Increase (decrease) in income taxes payable	83,738	(76,066)
Increase in income taxes payable	-	10,055
	\$ (235,827)	\$ 567,902

During the quarter, the Company paid interest of approximately \$10,775 (July 31, 2010 - \$6,954) and income taxes of approximately nil (July 31, 2010 - \$39,593).

9 | RELATED PARTY INFORMATION

During fiscal 2008, the Company entered into a trademark licensing agreement with an enterprise controlled by a related party of the controlling shareholder. This controlling shareholder is an executive of BFS Entertainment & Multimedia Limited having significant influence over the Company. The agreement provides for the use of the BODHI LIFESTYLE™ trademark by Collectables Direct Inc. over a five-year period commencing in August 2007, for which the Company paid \$30,000 to offset legal and trademark registration costs incurred by the related party's enterprise. The amount is amortized on a straight-line basis over the five year term of the agreement and the carrying value will be evaluated on a regular basis.

10 | SEGMENTED INFORMATION

The Company operates in the home entertainment industry in North America and sells primarily to customers in the United States. Sales to customers in the United States and Canada for the quarter amounted to approximately \$1,722,000 (July 31, 2010 - \$1,940,000) and \$506,000 (July 31, 2010 - \$537,000) respectively.

The Company sells DVDs and non-DVD products (gifts, jewellery, books and other collectables). The revenue for the quarter from DVDs accounted for 86.2% (July 31, 2010 - 88.3%) and 13.8% (July 31, 2010 - 11.7%) for non-DVD products. The information to segment the expenses, assets and profit is not available and shared between both segments and is therefore unallocated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Thirteen Weeks Ended August 6, 2011 (Unaudited - in Canadian Dollars)

(continued)

11 | FINANCIAL INSTRUMENTS

Fair value

The Company's financial instruments include cash, bank indebtedness, accounts receivable, accounts payable and accrued liabilities and capital lease obligations. The fair value of cash, bank indebtedness, accounts receivable and accounts payable and accrued liabilities approximates carrying value due to their current nature.

The fair value of the capital lease obligations has been estimated based on quoted market prices for same or similar instruments and in management's opinion, approximates carrying value.

Financial risk management

The Company's activities expose it to a variety of financial risks, including risks related to currency, interest rate, credit and liquidity.

Interest rate risk

The Company's interest rate risk is limited to the fluctuation of floating rates on its outstanding operating line. Since interest rates on the capital lease obligations are fixed, it is management's opinion that the interest rate exposure is not significant. The Company has considered, but does not use derivative financial instruments to reduce its exposure to interest rate risk on its cash.

Credit risk

Concentration of credit risk arises when a group of customers have a similar characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions. For the Company, significant concentrations of credit risk are related to industries and geographic location. The Company's accounts receivable are primarily due from United States based companies in the distribution and sale of home entertainment products.

Direct to consumer payments are received by way of credit card or cheques. Corporate sales are provided on credit to the Company's customers in the normal course of business; however, the Company is exposed to limited credit risk with respect to its accounts receivable. Exposure to credit risk varies due to the composition of individual balances. Monitoring of customers and balances is performed regularly and allowances are provided for any potentially uncollectable accounts receivable.

The Company's operations consist of supplying home videos to large distributors. Sales to one customer represented approximately 7% of total sales (July 31, 2010 - 12%). The above customer represented approximately 50% of accounts receivable at August 6, 2011 (May 7, 2011 - 46%).

The aging of accounts receivable commencing from the due date of each customer's trade credit terms was as follows:

<i>as at</i>	August 6, 2011	May 7, 2011
Current - within trade credit terms	\$ 712,673	\$ 517,735
1 to 60 days overdue	236,106	210,144
61 to 90 days overdue	69,298	45,484
Greater than 90 days overdue	832,662	663,024
	\$ 1,850,739	\$ 1,436,387

During the fiscal period, the addition to the allowance for doubtful accounts was \$274 (May 7, 2011 - \$20,726). As at August 6, 2011, the closing balance was \$20,940 (May 7, 2011 - \$20,726).

The aging of accounts payable and other liabilities are as follows:

<i>as at</i>	August 6, 2011	May 7, 2011
Due 1 year and less	\$ 2,705,285	\$ 2,260,783
Due 1 year and less than 3 years	63,536	72,168
	\$ 2,768,821	\$ 2,332,951

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Thirteen Weeks Ended August 6, 2011 (Unaudited - in Canadian Dollars)

(continued)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they come due. The Company manages liquidity risk by monitoring sales volumes and cash receipts to ensure sufficient cash flows are generated from operations to meet the liabilities when they become due. Management monitors consolidated cash flows on a weekly basis, regularly prepares cash flow forecasts and annually through the budget process. The Company believes its current cash flows from operations will continue to meet current and foreseeable financial requirements.

12 | CAPITAL DISCLOSURES

The Company considers its capital to be its shareholders' equity. As at August 6, 2011, the Company's capital was \$3,771,452 (May 7, 2011 - \$3,904,690). The Company's objective when managing its capital is to seek continuous improvement in the return to its shareholders while maintaining a low to moderate tolerance level for risk. The objective is achieved by prudently managing the capital generated through internal growth and profitability, through the use of lower cost capital, including capital leases and bank debt and raising share capital or debt when required to fund opportunities as they arise. The Company may also return capital to shareholders through the repurchase of shares, pay dividends or reduce debt where it determines any of these to be an effective method of achieving the above objective. The Company does not use ratios in the management of its capital. As of August 6, 2011, the Company was in breach of one of the financial and operating covenants and the lender has agreed to waive its rights with respect to this breach.

13 | TRANSITION TO IFRS

As stated in the Accounting Policies (Note 2), these are the Company's first unaudited condensed consolidated interim financial statements prepared in accordance with IFRS. The policies set out in the Note 2 section have been applied in preparing the financial statements for the three months ended August 6, 2011, the comparative information presented in these unaudited consolidated interim financial statements for the year ended May 7, 2011 and in the preparation of an opening IFRS statement of financial position at May 2, 2010. The Company has followed the recommendations in IFRS 1 First-time adoption of IFRS in preparing its transitional statements. IFRS 1 provides specific one-time choices and mandates specific one-time exceptions with respect to first-time adoption of IFRS.

Choices available at first-time adoption

a) Deemed cost – IFRS 1, First-time adoption, provides a choice between measuring items of property, plant and equipment at its fair value at the date of transition and using those amounts as deemed cost or using the historical valuation under the prior GAAP. The Company has decided to continue to apply the cost model for its intangible assets and property and equipment and has not re-measured them to fair value under IFRS. The historical basis under Canadian GAAP has been designated as the deemed cost under IFRS at Transition Date.

b) Share-based payments – IFRS 2, Share Based Payments, permits the application of that standard only to equity instruments granted after November 7, 2002 that had not vested by the transition date. The Company had no stock options that remained unvested on the transition date and accordingly, the Company has not applied IFRS 2 for all equity instruments granted after November 7, 2002 that had vested by May 2, 2010.

c) Business combinations – IFRS 3, Business Combinations, may be applied retrospectively or prospectively. The retrospective basis would require restatement of all business combinations that occurred prior to the transition date. The Company has elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to May 2, 2010 and such business combinations will not be restated.

Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under Canadian GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates as of May 2, 2010 are consistent with its Canadian GAAP estimates for the same date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Thirteen Weeks Ended August 6, 2011 (Unaudited - in Canadian Dollars)

(continued)

Changes to accounting policies

The Company has changed certain accounting policies to be consistent with IFRS, as is expected to be effective or available for early adoption on May 5, 2012, the Company's first annual IFRS reporting date. The new IFRS policies have been described in the Summary of Significant Accounting Policies and they have not resulted in any significant change to the recognition and measurement of assets, liabilities, equity, revenue and expenses with the Company's consolidated financial statements.

As a result of adoption of IFRS, there was no impact on the Company's statements of financial position and statements of changes in equity at May 7, 2011, July 31, 2010 and May 2, 2010 and to the Company's statements of comprehensive income for the period ended July 31, 2010 and for the year ended May 7, 2011. There are also no material differences between the cash flow statement presented under Canadian GAAP and that presented under IFRS for the period ended July 31, 2010 and for the year ended May 7, 2011. Accordingly, no reconciliations have been presented.

14 | SUBSEQUENT EVENT

On October 27, 2011, the Company received approval from the TSX Venture Exchange to purchase, pursuant to a normal course issuer bid expiring on October 30, 2012, a maximum of 409,073 common shares of the Company for cancellation.