

ZOO Digital Group



Annual General Meeting 2009

September 09



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Financial Highlights

Year to 31 March 2009

- Revenue up 100% to £6.6m (2008: £3.3m)
- Maiden full year EBITDA profit of £1.3m (2008: loss of £1.4m), including £1.4m from favourable exchange translation

New financial year (first 5 months)

- Trading has been strong for the year to date



Operational Highlights

- Strong organic growth within existing customer base
- Winning new business from multiple studio divisions
- Greater depth in relationships has allowed ZOO to offer a broader spread of revenue enhancing services
- Operational efficiencies improved following further investment in software tool development
- Recently announced launch of the Translation Management System which provides further diversification for the Company

Board Appointments



James Livingston has been appointed as Non Executive Director – James is a Portfolio Manager with Foresight Group, a leading UK manager of technical investment funds. He is a non-executive director of two other companies, a board observer of a further six and manages a portfolio of AIM-listed investments.



Gordon Doran has been appointed as Commercial Director – He held senior positions in sales and marketing roles for a variety of companies in the software industry since the early 1990s, both in the UK and US. Most recently Gordon was Chief Operating Officer for Mediostream Inc. – a consumer DVD software developer – and joined ZOO in 2005 to establish a North American division where he now operates in the role of President.



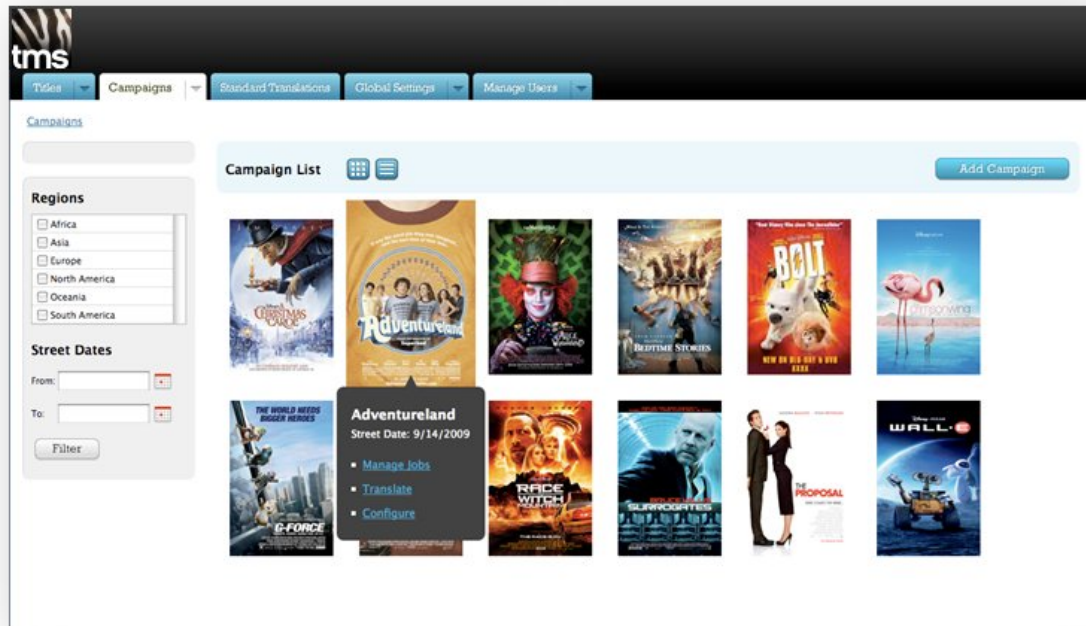
Planned Change to Reporting in USD

- Almost all revenues are generated now in USD
- The majority of costs are in USD
- Therefore we will change our reporting currency and our functional currency to best reflect the underlying business
- ZOO's P&L account will still be affected by currency exchange gains and losses on translation of balance sheet items albeit at a lower level
- Interim results for the period to 30th September 2009 will be reported in USD

Customers

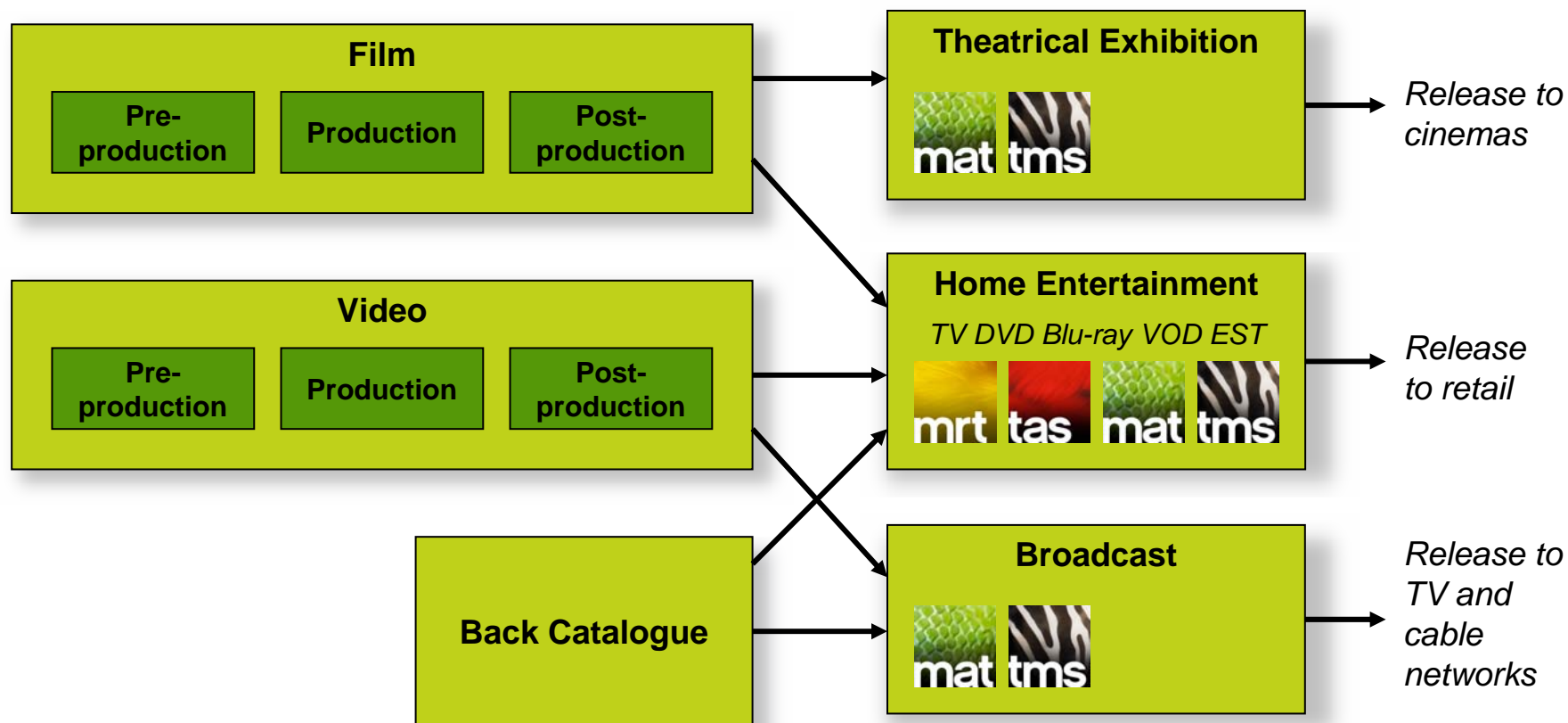


New Product: Translation Management System

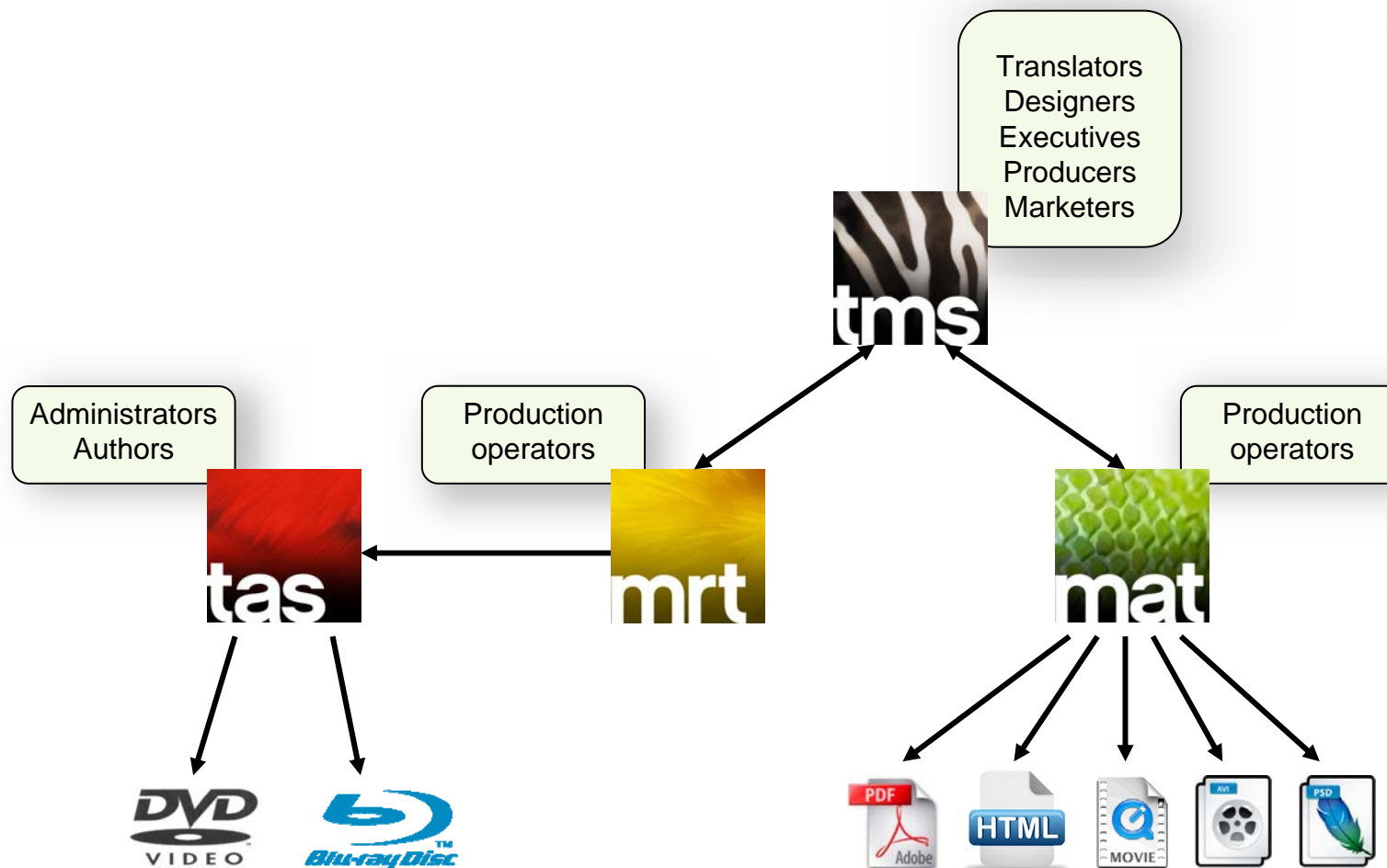


- An online collaboration system for development, review and approval of artwork
- Designed to support the complex workflow of studio operations
- Used by designers, translators, executives, producers and marketing staff
- Integrated with ZOO's software suite
- Licensed on a Software as a Service basis

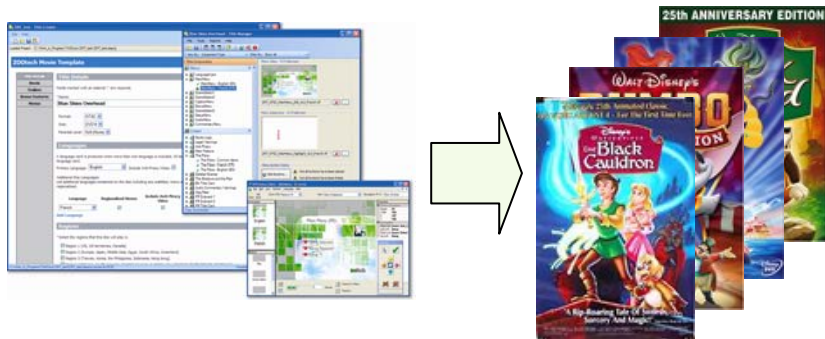
ZOO's Role in the Studio Workflow



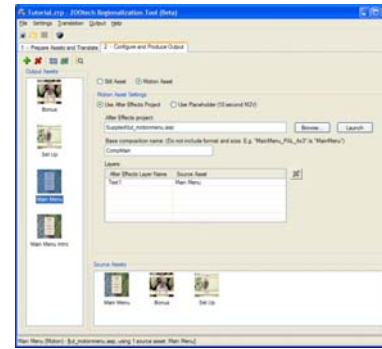
ZOO's Integrated Software Systems



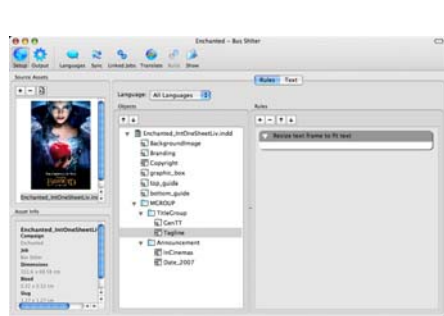
ZOO's Desktop Software



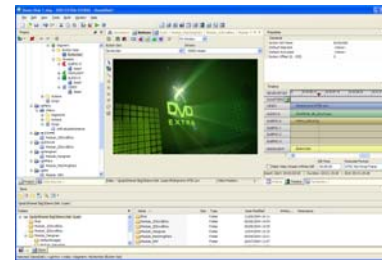
Templated Authoring



Menu Regionalization



Premedia Adaptation



DVD Production





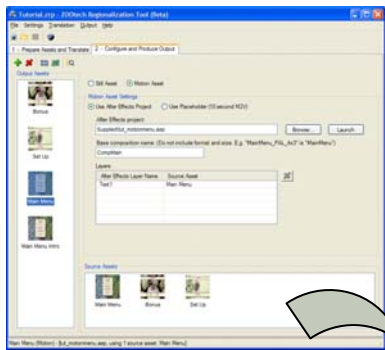
Templated Authoring



- Automates the workflow for assembling the digital content to create video discs
- Used by major film studios to produce worldwide titles
- Used by one studio to produce 140 titles during the month of June '09
- Blu-ray edition has been used to produce titles since March '09
- Charged on a usage basis



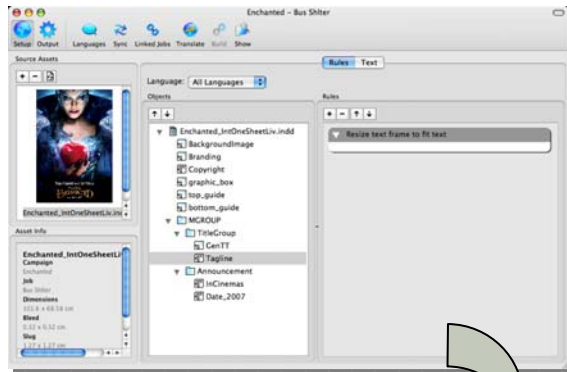
Menu Regionalization



- Automates the production of menus for video titles in multiple languages
- Works in conjunction with industry-standard tools such as Photoshop
- Reduces time to market and production costs
- Used by a major studio to create around 50,000 menus per year
- Charged on a usage basis



Premedia Adaptation



- Performs automated localisation and adaptation of print documents (posters, packaging, etc.)
- Licensed by a major studio where it is used to create artwork for over 60 different territories
- Enables significant reductions in production time and cost
- Also used for video localisation
- Charged on a usage basis



DVD Production



- A proprietary tool enabling the production of advanced DVD titles
- Used as the basis of differentiated services to video publishers and toy companies
- Customers include major film studios



Proven Results

- Proven by major Hollywood film studios to save significant costs (millions of dollars annually by each studio division)
- Proven to reduce time to market (eg. marketing campaign production now reduced by half)
- Winning significant business from incumbent vendors whose services are based primarily on using highly skilled and expensive labour



Growth Strategy

- ZOO delivers differentiated products and services based on patent-protected automation and workflow optimisation software
- Targeting film studios where market changes have led to an urgency to lower costs of production and shorten time to market
- Significant cross-sell opportunities amongst multiple business units of large film studios
- Broadening product set into new applications and video platforms, such as Blu-ray and internet download



Industry Trends

- 2009 has been the highest grossing summer ever at the US box office
- The industry remains optimistic about the home entertainment market in the fourth quarter
- Blu-ray prices are falling as spending rises – penetration in European households expected to reach 20% by 2011
- US Blu-ray sales were up 90% in the first half
- We do not see any significant reduction in overall numbers of new video titles
- We see greater adoption of new platforms, creating additional opportunities for ZOO



Outlook

- We are confident that 2009 will be another year of growth for the Company
- We are confident that we can continue to increase our business through working with additional studios, as well as increasing the scope of our work with existing clients
- We expect the Translation Management System to begin contributing revenue in the current year

ZOO Digital Group



Thank you for your support

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