

**Data and Audio-Visual Enterprises
Holdings Inc.**

Unaudited Interim Consolidated Financial Statements
For the three and six months ended June 30, 2013 and
2012

Data and Audio-Visual Enterprises Holdings Inc.

Unaudited Consolidated Statements of Financial Position

	As at June 30, 2013 \$ <i>(unaudited)</i>	As at December 31, 2012 \$ <i>(audited)</i>
Assets		
Current assets		
Cash	16,058,692	22,615,749
Short-term investments	-	-
Accounts receivable	3,086,193	4,670,438
Prepaid expenses	4,690,292	5,845,107
Inventory	295,205	373,313
Total current assets	24,130,382	33,504,607
Non-current assets		
Property and equipment	97,417,634	106,807,431
Intangible assets	247,012,435	247,149,972
Derivative assets	-	-
Total non-current assets	344,430,069	353,957,403
Total assets	368,560,451	387,462,010
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	29,941,424	46,528,919
Deferred revenue	7,007,180	7,357,525
Loan Payable	43,250,000	-
Total current liabilities	80,198,604	53,886,444
Non-current liabilities		
Long-term debt	382,715,789	364,128,682
Derivative liabilities	-	-
Total liabilities	462,914,393	418,015,126
Equity		
Ordinary shares	252,000,010	252,000,010
Other reserves	77,609,289	77,296,290
Deficit	(423,963,241)	(359,849,416)
Total equity	(94,353,941)	(30,553,116)
Total liabilities and equity	368,560,451	387,462,010

Going Concern (note 1)

Data and Audio-Visual Enterprises Holdings Inc.
Unaudited Consolidated Statements of Comprehensive Loss
For the three and six months ended June 30, 2013

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	\$	\$	\$	\$
Revenue	20,622,638	16,412,341	40,349,390	31,956,769
Goods and services purchased	21,751,208	23,404,903	47,532,978	49,333,126
Employee related expenses	3,854,004	5,121,955	8,077,085	10,920,733
Depreciation and amortization	4,920,584	4,564,498	9,827,303	8,876,919
Operating loss	(9,903,159)	(16,679,015)	(25,087,976)	(37,174,009)
Finance income	(44,023)	(70,708)	(88,102)	(225,528)
Finance costs	20,413,807	10,515,617	39,156,583	24,171,097
Other	(62,875)	(45,381)	(42,633)	322,090
Loss for the period	(30,210,068)	(27,078,543)	(64,113,825)	(61,441,668)
Other comprehensive income (loss)	-	-	-	-
Total comprehensive loss for the period	(30,210,068)	(27,078,543)	(64,113,825)	(61,441,668)
Basic and fully diluted loss per share	(\$1.20)	(\$1.07)	(\$2.54)	(\$2.44)
Weighted average number of ordinary shares outstanding	25,200,001	25,200,001	25,200,001	25,200,001

Data and Audio-Visual Enterprises Holdings Inc.
Unaudited Consolidated Statements of Cash Flows
For the three and six months ended June 30, 2013

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	\$	\$	\$	\$
Cash flow from operating activities				
Loss for the year	(30,210,068)	(27,078,543)	(64,113,825)	(61,441,668)
Items not affecting cash:				
Long-term accrued interest and non-cash finance	14,216,256	6,241,071	27,832,588	14,294,330
Depreciation and amortization	4,920,584	4,564,498	9,827,303	8,876,919
Change in the value of derivative instruments	-	(1,500,000)	-	(500,000)
Increase (decrease) in inventory provisions	(304,007)	(233,348)	98,327	(270,497)
Share-based payments	150,000	416,000	313,000	1,526,000
Impairment losses on property and equipment	(11,685)	(24,656)	(11,685)	1,486
Issuance of warrants	-	1,168,500	-	1,168,500
Changes in non-cash working capital:				
(Increase) decrease in accounts receivable	2,555,794	278,509	1,504,396	7,360,796
(Increase) decrease in prepaid expenses	618,637	(39,565)	1,154,814	(66,545)
(Increase) decrease in inventory	475,197	902,296	(20,218)	(584,630)
Increase (decrease) in accounts payable and accrued liabilities	1,651,410	9,985,819	(11,653,406)	(10,198,907)
Increase (decrease) in deferred revenue	(687,249)	399,771	(350,345)	276,986
	(6,625,132)	(4,919,648)	(35,419,052)	(39,557,230)
Cash flow from investing activities				
Capital expenditures	(2,097,899)	(2,332,295)	(5,142,524)	(5,054,465)
Short-term investments	-	-	-	29,999,494
	(2,097,899)	(2,332,295)	(5,142,524)	24,945,029
Cash flow from financing activities				
Proceeds from issuance of debt	10,000,000	-	34,004,519	-
	10,000,000	-	34,004,519	-
Net change in cash and cash equivalents	1,276,969	(7,251,943)	(6,557,057)	(14,612,201)
Cash and cash equivalents - Beginning of period	14,781,723	31,579,209	22,615,749	38,939,467
Cash and cash equivalents - End of period	16,058,692	24,327,266	16,058,692	24,327,266
Supplemental information				
Interest paid	1,324,507	-	10,814,092	9,262,500
Income taxes paid	-	-	-	-