

To all shareholders in
Home Entertainment Corp. Plc

13 March 2006

UK Shareholders Association
BM UKSA
London
WC1N 3XX

Phone: 0870-70-60-600
Email: uksa@uksa.org.uk
Web: www.uksa.org.uk

UKSA Raises Concerns About Home Entertainment Plc

Are you concerned about your investment in Home Entertainment? If not, you should be!

The share price of Home Entertainment has fallen from 240p in December 2003 to less than 55p in recent weeks. The market capitalisation of the company is now less than £11 million, even though revenue last year was £140 million. The company looks likely to make a loss for the full year, and has already cut out the interim dividend.

The company is undergoing substantial restructuring which is incurring exceptional costs, but there was also a write-down of stock costing £2 million announced in November 2005. In addition the management are blaming price deflation in DVDs and the levels of piracy of such products in the UK.

The current Chairman, Iain Muspratt, has relinquished his former executive role, but many shareholders are concerned that he still has a dominant influence over the company bearing in mind that he is a substantial shareholder, and he can hardly therefore be considered "independent" as recommended by the Combined Code on Corporate Governance for listed companies.

The United Kingdom Shareholders Association (UKSA) represents the interests of private shareholders and we would like the directors of this company to answer some questions about what can be done to recover some value for shareholders from the current situation.

If you support our views on this matter, please do the following:

- Return the reply slip overleaf so that we can send you more information on the issues affecting Home Entertainment and what might be done to improve its value for shareholders.
- Look at the benefits of membership in UKSA in the enclosed leaflet. By joining UKSA you will gain many personal benefits and promote the interests of all shareholders.

Otherwise, if you have any questions on this matter, or on UKSA membership, please contact me by email, telephone or post to the above address.

Yours sincerely

Roger Lawson
Communications Director

UKSA—The independent voice of the private shareholder

The United Kingdom Shareholders' Association Limited
Registered in England No. 4541415; Registered Office: Larchwood, Crabtree Green, Collingham, Wetherby LS22 5AB

UKSA Campaign Response Form

Yes I am interested in supporting your campaign to improve matters at Home Entertainment Corporation Plc.

Name: _____

Address: _____

Postcode: _____

Tick here to receive communications from UKSA via email Please supply an email address if possible as communicating via post is very expensive for a non-profit making organisation like UKSA.

Email Address *(please write clearly in capitals):*

Telephone *(optional):* _____

Return to the UK Shareholders Association in the envelope provided - no stamp required (or post to UKSA, PO Box 62, Chislehurst, BR7 5YB)
