

Press Release

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UKSA Commences a Campaign for Changes at Home Entertainment Corporation Plc

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.

UKSA has written to all shareholders in the company giving some of the history and explaining in more detail some of the issues (which can be seen on our web site at http://www.uksa.org.uk/Home_Entertainment.htm) and we will be pursuing the matter further if there is no response.

About The UK Shareholders Association (UKSA)

UKSA is the leading independent organisation which represents the interests of private shareholders in the United Kingdom. We campaign to protect the rights of shareholders in public companies, and to promote improved standards of corporate governance. Our educational activities, regular regional meetings, company "analyst" meetings and the resources of our web site, help to inform the public on investment management. UKSA is solely owned by and primarily financially supported by its individual members.

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