LIONS GATE ENTERTAINMENT CORP /CN/
Form 10-Q
November 09, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015
or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to
Commission File No.: 1-14880

Lions Gate Entertainment Corp.
(Exact name of registrant as specified in its charter)

British Columbia, Canada	N/A
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

250 Howe Street, 20th Floor
Vancouver, British Columbia V6C 3R8
and
2700 Colorado Avenue
Santa Monica, California 90404
(Address of principal executive offices)

(877) 848-3866
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non accelerated filer o	Smaller reporting company o

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ¨ No ý

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Title of Each Class	Outstanding at November 2, 2015
Common Shares, no par value per share	148,578,249 shares

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FORWARD-LOOKING STATEMENTS

This report includes statements that are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These forward looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “potential,” “anticipates,” “expects,” “intends,” “p “projects,” “forecasts,” “may,” “will,” “could,” “would” or “should” or, in each case, their negative or other variations or comp terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those discussed under Part I, Item 1A. “Risk Factors” found in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on May 21, 2015, which risk factors are incorporated herein by reference, as updated by the risk factors found under Part II, Item 1A. "Risk Factors" herein. These risk factors should not be construed as exhaustive and should be read with the other cautionary statements and information in our Annual Report on Form 10-K, and this report.

We caution you that forward-looking statements made in this report or anywhere else are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially and adversely from those made in or suggested by the forward-looking statements contained in this report as a result of various important factors, including, but not limited to, the substantial investment of capital required to produce and market films and television series, increased costs for producing and marketing feature films and television series, budget overruns, limitations imposed by our credit facilities and notes, unpredictability of the commercial success of our motion pictures and television programming, risks related to acquisition and integration of acquired businesses, the effects of dispositions of businesses or assets, including individual films or libraries, the cost of defending our intellectual property, difficulties in integrating acquired businesses, technological changes and other trends affecting the entertainment industry, and the other risks and uncertainties discussed under Part I, Item 1A. “Risk Factors” found in our Annual Report on Form 10-K filed with the SEC on May 21, 2015, which risk factors are incorporated herein by reference, as updated by the risk factors found under Part II, Item 1A. "Risk Factors" herein. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements, which we make in this report, speak only as of the date of such statement, and we undertake no obligation to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

This Quarterly Report on Form 10-Q may contain references to our trademarks and to trademarks belonging to other entities. Solely for convenience, trademarks and trade names referred to in this Quarterly Report on Form 10-Q, including logos, artwork and other visual displays, may appear without the ® or TM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other companies’ trade names or trademarks to imply a relationship with, or endorsement or sponsorship of us by, any other company.

Unless otherwise indicated or the context requires, all references to the “Company,” “Lionsgate,” “we,” “us,” and “our” refer to Lions Gate Entertainment Corp., a corporation organized under the laws of the province of British Columbia, Canada, and its direct and indirect subsidiaries.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

LIONS GATE ENTERTAINMENT CORP.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2015	March 31, 2015
	(Amounts in thousands, except share amounts)	
ASSETS		
Cash and cash equivalents	$170,417	$102,697
Restricted cash	2,508	2,508
Accounts receivable, net of reserves for returns and allowances of $43,671 (March 31, 2015 - $64,362) and provision for doubtful accounts of $4,476 (March 31, 2015 - $4,120)	881,474	891,880
Investment in films and television programs, net	1,557,084	1,381,829
Property and equipment, net	30,094	26,651
Investments	474,290	438,298
Goodwill	323,328	323,328
Other assets	75,835	74,784
Deferred tax assets	50,196	50,114
Total assets	$3,565,226	$3,292,089
LIABILITIES		
Senior revolving credit facility	$—	$—
5.25% Senior Notes	225,000	225,000
Term Loan	400,000	375,000
Accounts payable and accrued liabilities	282,412	332,473
Participations and residuals	516,673	471,661
Film obligations and production loans	904,091	656,755
Convertible senior subordinated notes	98,979	114,126
Deferred revenue	250,524	274,787
Total liabilities	2,677,679	2,449,802
Commitments and contingencies		
SHAREHOLDERS' EQUITY		
Common shares, no par value, 500,000,000 shares authorized, 148,504,591 shares issued (March 31, 2015 - 145,532,978 shares)	884,182	830,786
Retained earnings (accumulated deficit)	(11,405)	13,720
Accumulated other comprehensive income (loss)	14,770	(2,219)
Total shareholders' equity	887,547	842,287
Total liabilities and shareholders' equity	$3,565,226	$3,292,089

See accompanying notes.

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LIONS GATE ENTERTAINMENT CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
	(Amounts in thousands, except per share amounts)			
Revenues	$476,759	$552,876	$885,700	$1,002,259
Expenses:				
Direct operating	292,810	306,391	523,120	545,264
Distribution and marketing	153,140	152,877	225,064	250,198
General and administration	67,577	61,489	128,289	125,568
Depreciation and amortization	2,520	1,631	4,350	2,977
Total expenses	516,047	522,388	880,823	924,007
Operating income (loss)	(39,288)	30,488	4,877	78,252
Other expenses (income):				
Interest expense				
Cash interest	10,357	9,537	20,728	18,979
Amortization of debt discount and deferred financing costs	2,273	3,534	4,527	7,064
Total interest expense	12,630	13,071	25,255	26,043
Interest and other income	(555)	(547)	(1,155)	(1,565)
Loss on extinguishment of debt	—	586	—	586
Total other expenses, net	12,075	13,110	24,100	25,064
Income (loss) before equity interests and income taxes	(51,363)	17,378	(19,223)	53,188
Equity interests income	7,149	8,245	18,537	26,455
Income (loss) before income taxes	(44,214)	25,623	(686)	79,643
Income tax provision (benefit)	(2,145)	4,842	699	15,601
Net income (loss)	$(42,069)	$20,781	$(1,385)	$64,042
Basic net income (loss) per common share	$(0.28)	$0.15	$(0.01)	$0.46
Diluted net income (loss) per common share	$(0.28)	$0.15	$(0.01)	$0.44
Weighted average number of common shares outstanding:				
Basic	148,345	137,380	147,984	137,942
Diluted	148,345	146,667	147,984	151,788
Dividends declared per common share	$0.09	$0.07	$0.16	$0.12

See accompanying notes.

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LIONS GATE ENTERTAINMENT CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
	(Amounts in thousands)			
Net income (loss)	$(42,069)	$20,781	$(1,385)	$64,042
Foreign currency translation adjustments, net of tax	(1,497)	(3,275)	1,993	(1,793)
Net unrealized gain (loss) on available-for-sale securities, net of tax of ($4,517) and $1,794 in the three and six months ended September 30, 2015, respectively	(30,232)	—	12,002	—
Net unrealized gain on foreign exchange contracts, net of tax	2,987	1,227	2,994	416
Comprehensive income (loss)	$(70,811)	$18,733	$15,604	$62,665

See accompanying notes.

LIONS GATE ENTERTAINMENT CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Common Shares		Retained Earnings	Accumulated Other	
	Number	Amount	(Accumulated Deficit)	Comprehensive Income (Loss)	Total
	(Amounts in thousands, except share amounts)				
Balance at March 31, 2015	145,532,978	$830,786	$ 13,720	$ (2,219)	$842,287
Exercise of stock options	281,879	4,453	—	—	4,453
Share-based compensation, net of withholding tax obligations of $18,390	700,793	32,585	—	—	32,585
Conversion of April 2009 3.625% Notes	1,983,058	16,162	—	—	16,162
Issuance of common shares to directors for services	5,883	196	—	—	196
Dividends declared	—	—	(23,740)	—	(23,740)
Net loss	—	—	(1,385)	—	(1,385)
Foreign currency translation adjustments, net of tax	—	—	—	1,993	1,993
Net unrealized gain on available-for-sale securities, net of tax	—	—	—	12,002	12,002
Net unrealized gain on foreign exchange contracts, net of tax	—	—	—	2,994	2,994
Balance at September 30, 2015	148,504,591	$884,182	$ (11,405)	$ 14,770	$887,547

See accompanying notes.

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LIONS GATE ENTERTAINMENT CORP.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended September 30, 2015	2014
	(Amounts in thousands)	
Operating Activities:		
Net income (loss)	$(1,385)	$64,042
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	4,350	2,977
Amortization of films and television programs	361,290	359,092
Amortization of debt discount and deferred financing costs	4,527	7,064
Non-cash share-based compensation	33,983	33,549
Distribution from equity method investee	—	7,788
Loss on extinguishment of debt	—	586
Equity interests income	(18,537)	(26,455)
Deferred income taxes	(2,612)	9,316
Changes in operating assets and liabilities:		
Restricted cash	—	1,390
Accounts receivable, net	12,007	83,594
Investment in films and television programs	(535,470)	(639,019)
Other assets	(1,828)	(896)
Accounts payable and accrued liabilities	(34,300)	(78,990)
Participations and residuals	44,938	22,570
Film obligations	(11,148)	(38,913)
Deferred revenue	(24,423)	(15,632)
Net Cash Flows Used In Operating Activities	(168,608)	(207,937)
Investing Activities:		
Proceeds from the sale of equity method investees	—	14,575
Investment in equity method investees	(3,659)	(12,650)
Purchases of other investments	—	(2,000)
Purchases of property and equipment	(6,880)	(4,495)
Net Cash Flows Used In Investing Activities	(10,539)	(4,570)
Financing Activities:		
Senior revolving credit facility - borrowings	48,000	367,500
Senior revolving credit facility - repayments	(48,000)	(325,619)
Term Loan - borrowings, net of deferred financing costs of $964	24,036	—
Convertible senior subordinated notes - repurchases	(5)	(16)
Production loans - borrowings	370,945	385,706
Production loans - repayments	(112,474)	(65,435)
Repurchase of common shares	—	(126,404)
Dividends paid	(20,563)	(13,946)
Excess tax benefits on equity-based compensation awards	—	1,150
Exercise of stock options	4,453	1,663
Tax withholding required on equity awards	(18,983)	(12,136)
Net Cash Flows Provided By Financing Activities	247,409	212,463
Net Change In Cash And Cash Equivalents	68,262	(44)
Foreign Exchange Effects on Cash	(542)	621

Cash and Cash Equivalents - Beginning Of Period	102,697	25,692
Cash and Cash Equivalents - End Of Period	$170,417	$26,269

See accompanying notes.

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LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General

Nature of Operations

Lions Gate Entertainment Corp. (the “Company,” “Lionsgate,” "Lions Gate," “we,” “us” or “our”) is a premier next generation global content leader with a strong and diversified presence in motion picture production and distribution, television programming and syndication, home entertainment, digital distribution, channel platforms and international distribution and sales.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Lionsgate and all of its majority-owned and controlled subsidiaries.

The unaudited condensed consolidated financial statements have been prepared in accordance with United States (“U.S.”) generally accepted accounting principles (“GAAP”) for interim financial information and the instructions to quarterly report on Form 10-Q under the Securities Exchange Act of 1934, as amended, and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of the Company’s management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been reflected in these unaudited condensed consolidated financial statements. Operating results for the three and six months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2016. The balance sheet at March 31, 2015 has been derived from the audited financial statements at that date, but does not include all the information and footnotes required by U.S. GAAP for complete financial statements. The accompanying unaudited condensed consolidated financial statements should be read together with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2015.

Certain amounts presented in prior years have been reclassified to conform to the current year’s presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements, and the reported amounts of revenue and expenses during the reporting period. The most significant estimates made by management in the preparation of the financial statements relate to ultimate revenue and costs for investment in films and television programs; estimates of sales returns and other allowances and provisions for doubtful accounts; fair value of equity-based compensation; fair value of assets and liabilities for allocation of the purchase price of companies acquired; income taxes; accruals for contingent liabilities; and impairment assessments for investment in films and television programs, property and equipment, equity investments, goodwill and intangible assets. Actual results could differ from such estimates.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standard update relating to the recognition of revenue from contracts with customers, which will supersede most current U.S. GAAP revenue recognition guidance, including industry-specific guidance. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. The new revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Based on the current guidance, the new framework will become effective on either a full or modified retrospective basis for the Company on April 1, 2018. The Company is currently evaluating the impact that the adoption of this new guidance will have on its consolidated financial statements.

In April 2015, the FASB issued an accounting standards update relating to the presentation of debt issuance costs. The accounting update requires companies to present debt issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts, rather than as an asset. The guidance is effective for the Company's fiscal year beginning April 1, 2016, with early adoption permitted. The Company plans to adopt the new guidance effective April 1, 2016. The adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

2. Investment in Films and Television Programs

	September 30, 2015	March 31, 2015
	(Amounts in thousands)	
Motion Pictures Segment - Theatrical and Non-Theatrical Films		
Released, net of accumulated amortization	$410,997	$507,628
Acquired libraries, net of accumulated amortization	6,358	9,357
Completed and not released	87,366	76,968
In progress	710,557	478,879
In development	27,014	21,054
Product inventory	24,183	23,023
	1,266,475	1,116,909
Television Production Segment - Direct-to-Television Programs		
Released, net of accumulated amortization	200,943	231,470
In progress	84,771	28,585
In development	4,895	4,865
	290,609	264,920
	$1,557,084	$1,381,829

The Company expects approximately 45% of completed films and television programs, net of accumulated amortization, will be amortized during the one-year period ending September 30, 2016. Additionally, the Company expects approximately 81% of completed and released films and television programs, net of accumulated amortization and excluding acquired libraries, will be amortized during the three-year period ending September 30, 2018.
During the three and six months ended September 30, 2015 and 2014, the Company performed fair value measurements related to certain films. In determining the fair value of its films, the Company employs a discounted cash flows ("DCF") methodology that includes cash flow estimates of a film’s ultimate revenue and costs as well as a discount rate. The discount rate utilized in the DCF analysis is based on the Company’s weighted average cost of capital plus a risk premium representing the risk associated with producing a particular film. During the three and six months ended September 30, 2015, the Company recorded $7.8 million and $8.5 million, respectively, of fair value film write-downs, as compared to $0.6 million and $3.4 million of fair value film write-downs recorded during the three and six months ended September 30, 2014.

3. Investments
The carrying amounts of investments, by category, at September 30, 2015 and March 31, 2015 were as follows:

	September 30, 2015	March 31, 2015
	(Amounts in thousands)	
Equity method investments	$256,398	$234,202
Available-for-sale securities	175,820	162,024
Cost method investments	42,072	42,072
	$474,290	$438,298

LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Equity Method Investments:
The carrying amounts of equity method investments at September 30, 2015 and March 31, 2015 were as follows:

Equity Method Investee	September 30, 2015 Ownership Percentage	September 30, 2015	March 31, 2015
		(Amounts in thousands)	
EPIX	31.2%	$140,917	$119,688
Pop	50.0%	93,147	91,683
Other Equity Method Investments(1)	Various	22,334	22,831
		$256,398	$234,202

Equity interests in equity method investments for the three and six months ended September 30, 2015 and 2014 were as follows (income (loss)):

Equity Method Investee	Three Months Ended September 30, 2015	2014	Six Months Ended September 30, 2015	2014
	(Amounts in thousands)			
EPIX	$8,157	$7,724	$21,229	$16,232
Pop	1,032	(1,323)	665	(3,548)
Other Equity Method Investments(1)	(2,040)	1,844	(3,357)	13,771
	$7,149	$8,245	$18,537	$26,455

(1)The Company records its share of the net income or loss of Other Equity Method Investments on a one quarter lag. Equity interest income from Other Equity Method Investments of $13.8 million for the six months ended September 30, 2014 includes a gain on sale of the Company's investment in FEARnet of $11.4 million.

EPIX. In April 2008, the Company formed a joint venture with Viacom, its Paramount Pictures unit and Metro-Goldwyn-Mayer Studios to create a premium television channel and subscription video-on-demand service named “EPIX”. The Company invested $80.4 million through September 30, 2010, and no additional amounts have been funded since. During the three and six months ended September 30, 2014, the Company received distributions from EPIX of $1.6 million and $7.8 million, respectively. No distributions were made during the three and six months ended September 30, 2015. Since the Company's original investment in April 2008, the Company has received distributions from EPIX of $28.0 million.

EPIX Financial Information:
The following table presents summarized balance sheet data as of September 30, 2015 and March 31, 2015 for EPIX:

	September 30, 2015	March 31, 2015
	(Amounts in thousands)	
Current assets	$247,025	$285,819
Non-current assets	$368,766	$277,888
Current liabilities	$84,960	$121,451
Non-current liabilities	$25,422	$6,753

The following table presents the summarized statement of operations for the three and six months ended September 30, 2015 and 2014 for EPIX and a reconciliation of the net income reported by EPIX to equity interest income recorded by the Company:

LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
	(Amounts in thousands)			
Revenues	$105,243	$95,851	$216,593	$187,300
Expenses:				
Operating expenses	70,153	61,959	133,090	119,466
Selling, general and administrative expenses	6,345	5,886	12,135	11,640
Operating income	28,745	28,006	71,368	56,194
Interest and other expense	(892)	(338)	(1,401)	(731)
Net income	$27,853	$27,668	$69,967	$55,463
Reconciliation of net income reported by EPIX to equity interest income:				
Net income reported by EPIX	$27,853	$27,668	$69,967	$55,463
Ownership interest in EPIX	31.15%	31.15%	31.15%	31.15%
The Company's share of net income	8,676	8,619	21,795	17,277
Eliminations of the Company’s share of profits on licensing sales to EPIX[1]	(2,906)	(3,204)	(5,701)	(5,071)
Realization of the Company’s share of profits on licensing sales to EPIX[2]	2,387	2,309	5,135	4,026
Total equity interest income recorded	$8,157	$7,724	$21,229	$16,232

(1) Represents the elimination of the gross profit recognized by the Company on licensing sales to EPIX in proportion to the Company's ownership interest in EPIX.

(2) Represents the realization of a portion of the profits previously eliminated. This profit remains eliminated until realized by EPIX. EPIX initially records the license fee for the title as inventory on its balance sheet and amortizes the inventory over the license period. Accordingly, the profit is realized as the inventory on EPIX's books is amortized.

Pop. The Company’s investment interest in Pop consists of an equity investment in its common stock units and mandatorily redeemable preferred stock units. The Company's partner in Pop, CBS TVG Inc. ("CBS"), has a call option to purchase a portion of the Company's ownership interest in Pop at fair market value, which would result in CBS owning 80% of Pop, exercisable beginning March 26, 2018 for a period of 30 days. During the six months ended September 30, 2015, the Company made contributions to Pop of $0.8 million (no contributions were made during the three months ended September 30, 2015). During the three and six months ended September 30, 2014, the Company made contributions to Pop of $3.0 million and $10.5 million, respectively.

The mandatorily redeemable preferred stock units carry a dividend rate of 10% compounded annually and are mandatorily redeemable in May 2019 at the stated value plus the dividend return and any additional capital contributions less previous distributions. The mandatorily redeemable preferred stock units were initially recorded based on their estimated fair value, as determined using an option pricing model. The mandatorily redeemable preferred stock units and the 10% dividend are being accreted up to their redemption amount over the ten-year period to the redemption date, which is recorded as income within equity interest.

Pop Financial Information:
The following table presents summarized balance sheet data as of September 30, 2015 and March 31, 2015 for Pop:

	September 30, 2015	March 31, 2015
	(Amounts in thousands)	
Current assets	$34,928	$32,815
Non-current assets	$184,607	$187,985
Current liabilities	$24,586	$26,048
Non-current liabilities	$4,394	$7,196
Redeemable preferred stock	$428,580	$399,247

The following table presents the summarized statement of operations for the three and six months ended September 30, 2015 and 2014 for Pop and a reconciliation of the net loss reported by Pop to equity interest income (loss) recorded by the Company:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
	(Amounts in thousands)			
Revenues	$20,837	$19,738	$41,391	$38,566
Expenses:				
Cost of services	7,926	9,803	17,291	18,293
Selling, marketing, and general and administration	8,708	10,122	18,600	22,593
Depreciation and amortization	1,945	1,941	3,889	3,938
Operating income (loss)	2,258	(2,128)	1,611	(6,258)
Other (income) expense	(1)	252	(1)	362
Interest expense, net	103	181	214	391
Accretion of redeemable preferred stock units(1)	14,095	11,968	27,733	22,900
Total interest expense, net	14,197	12,401	27,946	23,653
Net loss	$(11,939)	$(14,529)	$(26,335)	$(29,911)
Reconciliation of net loss reported by Pop to equity interest income (loss):				
Net loss reported by Pop	$(11,939)	$(14,529)	$(26,335)	$(29,911)
Ownership interest in Pop	50%	50%	50%	50%
The Company's share of net loss	(5,970)	(7,265)	(13,168)	(14,956)
Accretion of dividend and interest income on redeemable preferred stock units(1)	7,048	5,984	13,867	11,450
Elimination of the Company's share of profits on licensing sales to Pop	(218)	(367)	(350)	(367)
Realization of the Company’s share of profits on licensing sales to Pop	172	325	316	325
Total equity interest income (loss) recorded	$1,032	$(1,323)	$665	$(3,548)

(1) Accretion of mandatorily redeemable preferred stock units represents Pop's 10% dividend and the amortization of discount on its mandatorily redeemable preferred stock units held by the Company and the other interest holder. The Company recorded its share of this expense as income from the accretion of dividend and discount on

mandatorily redeemable preferred stock units within equity interest loss.

Other Equity Method Investments
Defy Media. In June 2007, the Company acquired an interest in Break Media, a multi-platform digital media company and a leader in male-targeted content creation and distribution. In October 2013, Break Media merged with Alloy Digital, a multi-platform digital media company with a strong presence in the youth market, to create Defy Media. The Company's effective economic interest in Defy Media through its investment in Break Media and its direct investment in Defy Media is approximately 16.0%. The Company is accounting for its investment in Defy Media, a limited liability company, under the equity method of accounting due to the Company's board representation that provides significant influence over the investee.
Roadside Attractions. Roadside Attractions is an independent theatrical distribution company. The Company owns a 43.0% interest in Roadside Attractions.
Pantelion Films. Pantelion Films is a joint venture with Videocine, an affiliate of Televisa, which produces, acquires and distributes a slate of English and Spanish language feature films that target Hispanic moviegoers in the U.S. The Company owns a 49.0% interest in Pantelion Films.
Atom Tickets. Atom Tickets is a theatrical movie discovery service. The Company made initial investments totaling $4.3 million in Atom Tickets during the year ended March 31, 2015. The Company owns an interest of approximately 19.7% in Atom Tickets. The Company is accounting for its investment in Atom Tickets, a limited liability company, under the equity method of accounting due to the Company's board representation that provides significant influence over the investee.
Tribeca Short List. Tribeca Short List is a subscription video-on-demand (SVOD) service. The Company made an initial investment of $2.1 million during the year ended March 31, 2015, and during the three and six months ended September 30, 2015, the Company made capital contributions to Tribeca Short List of $2.9 million. The Company holds a 75.0% economic interest, however, the power to direct the activities that most significantly impact the economic performance of Tribeca Short List is shared equally with Tribeca Enterprises. Accordingly, the Company's interest in Tribeca Short List is being accounted for under the equity method of accounting.

Available-for-Sale Securities:

The cost basis, unrealized gains and fair market value of available-for-sale securities are set forth below:

	September 30, 2015	March 31, 2015
	(Amounts in thousands)	
Cost basis	$158,916	$158,916
Gross unrealized gain	16,904	3,108
Fair value	$175,820	$162,024

Starz. At September 30, 2015 and March 31, 2015, available-for-sale securities consisted of the Company's minority interest in Starz. On March 27, 2015, pursuant to the terms of a stock exchange agreement entered into on February 10, 2015 (the "Exchange Agreement"), the Company exchanged 4,967,695 of its newly issued common shares for 2,118,038 shares of Series A common stock of Starz and 2,590,597 shares of Series B common stock of Starz held by certain affiliates of John C. Malone ("Dr. Malone") (the exchange transaction, the "Exchange"). The Exchange Agreement placed certain restrictions on the ability to transfer the shares issued by the Company. The Starz shares acquired by the Company represent approximately 14.7% of the total voting power of the issued and outstanding Starz common stock as of September 30, 2015. However, under the Exchange Agreement, the Company granted an irrevocable proxy to Dr. Malone and the affiliates of Dr. Malone to vote the shares the Company acquired except with respect to proposals related to extraordinary transactions, including any proposals related to any sale or issuance of securities, or any business combination, merger, consolidation, liquidation, reorganization, recapitalization, sale or disposition of all or substantially all of Starz's assets or similar extraordinary transaction, whether or not involving the Company.

The Company classifies the Series A common stock of Starz within Level 1 of the fair value hierarchy as the valuation inputs are based on quoted prices in active markets (see Note 8). The Series B common stock of Starz are considered a Level 2 security because the quoted market prices are based on infrequent transactions. Therefore, the fair value of the Series B common stock, which is convertible, at the holder’s option, into Series A common stock of Starz is based on the quoted market price of the Series A common stock, which is an equivalent security other than for the voting rights.

Cost Method Investments:
Telltale. Telltale Games ("Telltale") is a creator, developer and publisher of interactive software episodic games based upon popular stories and characters across all major gaming and entertainment platforms. In February 2015, the Company invested $40.0 million in Telltale, which consisted of a cash investment in Telltale of $28.0 million in exchange for 2,628,072 of Telltale's Series D Convertible Preferred Stock, and 361,229 newly issued common shares of the Company with a fair value of approximately $12.0 million in exchange for approximately 1,126,316 existing common shares of Telltale, representing in the aggregate an approximately 14% economic interest in Telltale.
Next Games. Next Games is a mobile games development company headquartered in Helsinki, Finland, with a focus on crafting visually impressive, highly engaging games. In July 2014, the Company invested $2.0 million in Next Games for a small minority ownership interest.

4. Other Assets
The composition of the Company’s other assets is as follows as of September 30, 2015 and March 31, 2015:

	September 30, 2015	March 31, 2015
	(Amounts in thousands)	
Deferred financing costs, net of accumulated amortization	$24,653	$28,060
Prepaid expenses and other	50,390	45,537
Finite-lived intangible assets	792	1,187
	$75,835	$74,784

Deferred Financing Costs. Deferred financing costs primarily include costs incurred in connection with the Company's various debt issuances (see Note 5).
Prepaid Expenses and Other. Prepaid expenses and other primarily include prepaid expenses, security deposits, and other assets.
Finite-lived Intangible Assets. Finite-lived intangibles consist primarily of sales agency relationships and trademarks.

5. Corporate Debt

The total carrying values of corporate debt of the Company, excluding film obligations and production loans, were as follows as of September 30, 2015 and March 31, 2015:

	September 30, 2015	March 31, 2015
	(Amounts in thousands)	
Senior revolving credit facility	$—	$—
5.25% Senior Notes	225,000	225,000
Term Loan Due 2022	400,000	375,000
Convertible senior subordinated notes, net of unamortized discount of $2,871 (March 31, 2015 - $3,891)	98,979	114,126
	$723,979	$714,126

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LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table sets forth future annual contractual principal payment commitments of corporate debt as of September 30, 2015:

Debt Type	Conversion Price Per Share at September 30, 2015	Maturity Date	Year Ended March 31, 2016	2017	2018	2019	2020	Thereafter	Total
			(Amounts in thousands)						
Senior revolving credit facility	N/A	September 2017	$—	$—	$—	$—	$—	$—	$—
5.25% Senior Notes	N/A	August 2018	—	—	—	225,000	—	—	225,000
Term Loan Due 2022	N/A	March 2022	—	—	—	—	—	400,000	400,000
Principal amounts of convertible senior subordinated notes:									
January 2012 4.00% Notes	$10.33	January 2017	—	41,850	—	—	—	—	41,850
April 2013 1.25% Notes	$29.52	April 2018	—	—	—	60,000	—	—	60,000
			$—	$41,850	$—	$285,000	$—	$400,000	726,850
Less aggregate unamortized discount									(2,871)
									$723,979

Senior Revolving Credit Facility
Availability of Funds. The senior revolving credit facility provides for borrowings and letters of credit up to an aggregate of $800 million, and at September 30, 2015 there was $800.0 million available (March 31, 2015 — $800.0 million). The availability of funds is limited by a borrowing base and also reduced by outstanding letters of credit, if any. There were no letters of credit outstanding at September 30, 2015 (March 31, 2015 — none).
Maturity Date. September 27, 2017.
Interest. Interest is payable at an alternative base rate, as defined, plus 1.5%, or LIBOR plus 2.5% as designated by the Company.
Commitment Fee. The Company is required to pay a quarterly commitment fee of 0.375% to 0.5% per annum, depending on the average balance of borrowings outstanding during the period, on the total senior revolving credit facility of $800 million less the amount drawn.
Security. Obligations are secured by collateral (as defined in the credit agreement) granted by the Company and certain subsidiaries of the Company, as well as a pledge of equity interests in certain of the Company’s subsidiaries.
Covenants. The senior revolving credit facility contains a number of covenants that, among other things, require the Company to satisfy certain financial covenants and restrict the ability of the Company to incur additional debt, pay dividends, make certain investments and acquisitions, repurchase its stock, prepay certain indebtedness, create liens,

enter into agreements with affiliates, modify the nature of its business, enter into sale-leaseback transactions, transfer and sell material assets and merge or consolidate. As of September 30, 2015, the Company was in compliance with all applicable covenants.

Change in Control. The Company may also be subject to an event of default upon a change in control (as defined in the credit agreement) which, among other things, includes a person or group acquiring ownership or control in excess of 50% of the Company’s common shares.

5.25% Senior Notes

Issuance Date. On July 19, 2013, Lions Gate Entertainment Corp. issued $225.0 million aggregate principal amount of 5.25% Senior Secured Second-Priority Notes (the "5.25% Senior Notes").

Interest. Interest is payable semi-annually on February 1 and August 1 of each year at a rate of 5.25% per year, and commenced on February 1, 2014.

Maturity Date. August 1, 2018.

Covenants. The 5.25% Senior Notes contain certain restrictions and covenants that, subject to certain exceptions, limit the Company's ability to incur additional indebtedness, pay dividends or repurchase the Company's common shares, make certain loans or investments, and sell or otherwise dispose of certain assets subject to certain conditions, among other limitations. As of September 30, 2015, the Company was in compliance with all applicable covenants.

Term Loan Due 2022

Issuance Date. On March 17, 2015, Lions Gate Entertainment Corp. entered into a second lien credit and guarantee agreement (the "Credit Agreement"), and pursuant to the Credit Agreement, borrowed a term loan in an aggregate amount of $375 million (the "Term Loan Due 2022"). In May 2015, Lions Gate Entertainment Corp. amended the Credit Agreement governing its Term Loan Due 2022, and pursuant to the amended Credit Agreement, borrowed an additional term loan in an aggregate amount of $25.0 million. Contemporaneously with the issuance of the Term Loan Due 2022 (which carries a fixed interest rate of 5.00%), the Company used a portion of the proceeds to redeem its $225.0 million principal amount term loan (the "Term Loan Due 2020") (which carried a variable interest rate of LIBOR, subject to a 1.00% floor, plus 4.00%).

Interest. Interest on the Term Loan Due 2022 is payable on the last business day of each April, July, October and January at a rate of 5.00% per year.

Maturity Date. The Term Loan Due 2022 matures on March 17, 2022.

Covenants. Substantially similar to the 5.25% Senior Notes discussed above. As of September 30, 2015, the Company was in compliance with all applicable covenants.

Convertible Senior Subordinated Notes

Outstanding Amount and Terms. The following table sets forth the convertible senior subordinated notes outstanding and certain key terms of these notes at September 30, 2015 and March 31, 2015:

Convertible Senior Subordinated Notes	Maturity Date	Conversion Price Per Share at September 30, 2015	September 30, 2015			March 31, 2015		
			Principal	Unamortized Discount	Net Carrying Amount	Principal	Unamortized Discount	Net Carrying Amount
			(Amounts in thousands)					
April 2009 3.625% Notes	N/A	N/A	$—	$—	$—	$16,167	$—	$16,167
January 2012 4.00% Notes	January 11, 2017	$10.33	41,850	(2,871)	38,979	41,850	(3,891)	37,959
April 2013 1.25% Notes	April 15, 2018	$29.52	60,000	—	60,000	60,000	—	60,000

$101,850	$(2,871)	$98,979	$118,017	$(3,891)	$114,126

April 2009 3.625% Notes: On March 17, 2015, the April 2009 3.625% Notes were called for redemption and in April 2015, the holders of the notes converted substantially all of the outstanding principal amounts into common shares.

January 2012 4.00% Notes: In January 2012, Lions Gate Entertainment Inc. ("LGEI") issued approximately $45.0 million of January 2012 4.00% Notes, of which $10.1 million was allocated to the equity component. Interest is payable semi-annually on January 15 and July 15 of each year.

April 2013 1.25% Notes: In April 2013, LGEI issued approximately $60.0 million in aggregate principal amount of April 2013 1.25% Notes. Interest is payable semi-annually on April 15 and October 15 of each year, and commenced on October 15, 2013.

Conversion Features: The convertible senior subordinated notes are convertible, at any time, into the number of common shares of the Company determined by the principal amount being converted divided by the conversion price, subject to adjustment in certain circumstances.

The January 2012 4.00% Notes provide that upon conversion, the Company has the option to deliver, in lieu of common shares, cash or a combination of cash and common shares of the Company. Accounting guidance requires that convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) are recorded by separately accounting for the liability and equity component (i.e., conversion feature), thereby reducing the principal amount with a debt discount that is amortized as interest expense over the expected life of the note using the effective interest method. The effective interest rate on the liability component of the January 2012 4.00% Notes is 9.56%.

The April 2013 1.25% Notes are convertible only into the Company's common shares and do not carry an option to be settled in cash upon conversion, and accordingly, have been recorded at their principal amount (not reduced by a debt discount for the equity component).

Conversions. The following conversions were completed with respect to the Company's convertible senior subordinated notes in the six months ended September 30, 2015 and 2014, which resulted in a loss on extinguishment of debt of $0.6 million in the six months ended September 30, 2014 (2015 - none):

	Six Months Ended September 30,	
	2015	2014
	(Amounts in thousands, except share amounts)	
April 2009 3.625% Notes		
Principal amount converted	$16,162	$11,251
Common shares issued upon conversion	1,983,058	1,370,395
Weighted average conversion price per share	$8.15	$8.21
October 2004 2.9375% Notes		
Principal amount converted	$—	$99
Common shares issued upon conversion	—	8,634
Weighted average conversion price per share	$—	$11.46
Total		
Principal amount converted	$16,162	$11,350
Common shares issued upon conversion	1,983,058	1,379,029
Weighted average conversion price per share	$8.15	$8.23

Interest Expense. Interest expense recognized for the convertible senior subordinated notes for the three and six months ended September 30, 2015 and 2014 is presented below:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
	(Amounts in thousands)			
Interest Expense				

Contractual interest coupon	$606	$956	$1,155	$1,929
Amortization of discount on liability component and debt issuance costs	529	1,642	1,046	3,261
	$1,135	$2,598	$2,201	$5,190

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

6. Participations and Residuals
The Company expects approximately 69% of accrued participations and residuals will be paid during the one-year period ending September 30, 2016.

Theatrical Slate Participation

On March 10, 2015, the Company entered into a theatrical slate participation arrangement with TIK Films (U.S.), Inc. and TIK Films (Hong Kong) Limited (collectively, "TIK Films"), both wholly owned subsidiaries of Hunan TV & Broadcast Intermediary Co. Ltd. Under the arrangement, TIK Films, in general and subject to certain limitations including per picture and annual caps, will contribute a minority share of 25% of the Company’s production or acquisition costs of “qualifying” theatrical feature films, released during the three-year period ending January 23, 2018, and participate in a pro-rata portion of the pictures’ net profits or losses similar to a co-production arrangement based on the portion of costs funded. The arrangement excludes among others, any theatrical feature film incorporating any elements from the Twilight, Hunger Games or Divergent franchises. The percentage of the contribution could vary on certain pictures.

Amounts provided from TIK Films are reflected as a participation liability in the Company's consolidated balance sheet and amounted to $24.7 million at September 30, 2015 (March 31, 2015 - $13.6 million). The difference between the ultimate participation expected to be paid to TIK Films and the amount provided by TIK Films is amortized as a charge to or a reduction of participation expense under the individual-film-forecast method.

7. Film Obligations and Production Loans

	September 30, 2015	March 31, 2015
	(Amounts in thousands)	
Film obligations	$44,676	$55,811
Production loans	859,415	600,944
Total film obligations and production loans	$904,091	$656,755

The following table sets forth future annual repayment of film obligations and production loans as of September 30, 2015:

	Six Months Ended March 31,	Year Ended March 31,					
	2016	2017	2018	2019	2020	Thereafter	Total
	(Amounts in thousands)						
Film obligations	$38,889	$2,964	$2,000	$1,000	$—	$—	$44,853
Production loans	230,641	628,774	—	—	—	—	859,415
	$269,530	$631,738	$2,000	$1,000	$—	$—	904,268
Less imputed interest on film obligations							(177)

$904,091

Film Obligations

Film obligations include minimum guarantees, which represent amounts payable for film rights that the Company has acquired and certain theatrical marketing obligations for amounts received from third parties that are contractually committed for theatrical marketing expenditures associated with specific titles.

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Production Loans

Production loans represent individual loans for the production of film and television programs that the Company produces. The majority of production loans have contractual repayment dates either at or near the expected completion date, with the exception of certain loans containing repayment dates on a longer term basis, and incur interest at rates ranging from 3.33% to 3.58%.

8. Fair Value Measurements

Fair Value

Accounting guidance and standards about fair value define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy

Fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The accounting guidance and standards establish three levels of inputs that may be used to measure fair value:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 liabilities that are not required to be measured at fair value on a recurring basis include the Company's convertible senior subordinated notes, production loans, 5.25% Senior Notes, and Term Loan, which are priced using discounted cash flow techniques that use observable market inputs, such as LIBOR-based yield curves, swap rates, and credit ratings.
- Level 3 — Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities. The Company measures the fair value of its investment in Pop's Mandatorily Redeemable Preferred Stock Units using primarily a discounted cash flow analysis based on the expected cash flows of the investment. The analysis reflects the contractual terms of the investment, including the period to maturity, and uses a discount rate commensurate with the risk associated with the investment.

The following table sets forth the assets and liabilities required to be carried at fair value on a recurring basis as of September 30, 2015 and March 31, 2015:

	September 30, 2015			March 31, 2015		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Assets:	(Amounts in thousands)					
Available-for-sale securities (see Note 3):						
Starz Series A common stock	$79,087	$—	$79,087	$72,882	$—	$72,882
Starz Series B common stock	—	96,733	96,733	—	89,142	89,142
Forward exchange contracts (see Note 16)	—	11,895	11,895	—	8,335	8,335
Liabilities:						
Forward exchange contracts (see Note 16)	—	(937)	(937)	—	(2,024)	(2,024)
	$79,087	$107,691	$186,778	$72,882	$95,453	$168,335

LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table sets forth the carrying values and fair values of the Company’s investment in Pop's mandatorily redeemable preferred stock units and outstanding debt at September 30, 2015 and March 31, 2015:

	September 30, 2015		March 31, 2015	
	(Amounts in thousands)			
	Carrying Value	Fair Value	Carrying Value	Fair Value
		(Level 3)		(Level 3)
Assets:				
Investment in Pop's Mandatorily Redeemable Preferred Stock Units	$93,147	$110,000	$91,683	$110,000
	Carrying Value	Fair Value	Carrying Value	Fair Value
		(Level 2)		(Level 2)
Liabilities:				
April 2009 3.625% Notes	$—	$—	$16,167	$16,167
January 2012 4.00% Notes	38,979	41,340	37,959	41,473
April 2013 1.25% Notes	60,000	53,487	60,000	53,241
Production loans	859,415	859,415	600,944	600,944
5.25% Senior Notes	225,000	231,188	225,000	233,438
Term Loan	400,000	400,500	375,000	375,938
	$1,583,394	$1,585,930	$1,315,070	$1,321,201

9. Net Income (Loss) Per Share

Basic net income (loss) per share is calculated based on the weighted average common shares outstanding for the period. Basic net income (loss) per share for the three and six months ended September 30, 2015 and 2014 is presented below:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
	(Amounts in thousands, except per share amounts)			
Basic Net Income (Loss) Per Common Share:				
Numerator:				
Net income (loss)	$(42,069)	$20,781	$(1,385)	$64,042
Denominator:				
Weighted average common shares outstanding	148,345	137,380	147,984	137,942
Basic net income (loss) per common share	$(0.28)	$0.15	$(0.01)	$0.46

Diluted net income (loss) per common share reflects the potential dilutive effect, if any, of the conversion of convertible senior subordinated notes under the "if converted" method. Diluted net income (loss) per common share also reflects share purchase options, including equity-settled share appreciation rights and restricted share units ("RSUs") using the treasury stock method when dilutive, and any contingently issuable shares when dilutive. Diluted net income (loss) per common share for the three and six months ended September 30, 2015 and 2014 is presented below:

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LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
	(Amounts in thousands, except per share amounts)			
Diluted Net Income (Loss) Per Common Share:				
Numerator:				
Net income (loss)	$(42,069)	$20,781	$(1,385)	$64,042
Add:				
Interest on convertible notes, net of tax	—	691	—	3,292
Numerator for diluted net income (loss) per common share	$(42,069)	$21,472	$(1,385)	$67,334
Denominator:				
Weighted average common shares outstanding	148,345	137,380	147,984	137,942
Effect of dilutive securities:				
Conversion of notes	—	6,020	—	10,816
Share purchase options	—	2,818	—	2,592
Restricted share units	—	449	—	438
Adjusted weighted average common shares outstanding	148,345	146,667	147,984	151,788
Diluted net income (loss) per common share	$(0.28)	$0.15	$(0.01)	$0.44

For the three and six months ended September 30, 2015 and 2014, the outstanding common shares issuable presented below were excluded from diluted net income (loss) per common share because their inclusion would have had an anti-dilutive effect.

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
	(Amounts in thousands)			
Anti-dilutive shares issuable				
Conversion of notes	6,067	4,704	6,062	—
Share purchase options	3,113	5,327	3,529	5,217
Restricted share units	120	47	94	168
Contingently issuable shares	232	284	314	279
Total weighted average anti-dilutive shares issuable excluded from diluted net income (loss) per common share	9,532	10,362	9,999	5,664

10. Capital Stock

(a) Common Shares

The Company had 500 million authorized common shares at September 30, 2015 and March 31, 2015. The table below outlines common shares reserved for future issuance:

LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	September 30, 2015	March 31, 2015
	(Amounts in thousands)	
Stock options outstanding, average exercise price $24.11 (March 31, 2015 - $22.22)	14,600	12,215
Restricted share units — unvested	1,533	1,662
Share purchase options and restricted share units available for future issuance	3,975	7,163
Shares issuable upon conversion of April 2009 3.625% Notes at conversion price of $8.15 per share at March 31, 2015	—	1,984
Shares issuable upon conversion of January 2012 4.00% Notes at conversion price of $10.33 per share (March 31, 2015 - $10.38)	4,051	4,032
Shares issuable upon conversion of April 2013 1.25% Notes at conversion price of $29.52 per share (March 31, 2015 - $29.65)	2,033	2,024
Shares reserved for future issuance	26,192	29,080

In September 2012, the Company adopted the 2012 Performance Incentive Plan, as amended on September 9, 2014 (the "2012 Plan"). The 2012 Plan provides for the issuance of up to 27.6 million common shares of the Company, stock options, share appreciation rights, restricted shares, stock bonuses and other forms of awards granted or denominated in common shares or units of common shares of the Company, as well as certain cash bonus awards to eligible directors of the Company, officers or employees of the Company or any of its subsidiaries, and certain consultants and advisors to the Company or any of its subsidiaries.

(b) Share-based Compensation

The Company recognized the following share-based compensation expense during the three and six months ended September 30, 2015, and 2014:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
	(Amounts in thousands)			
Compensation Expense:				
Stock Options	$10,289	$9,366	$19,523	$18,009
Restricted Share Units and Other Share-based Compensation	7,103	6,989	14,460	13,038
Share Appreciation Rights	—	967	288	2,696
	17,392	17,322	34,271	33,743
Impact of accelerated vesting on stock options and restricted share units(1)	—	—	—	1,194
Total share-based compensation expense	$17,392	$17,322	$34,271	$34,937
Tax impact(2)	(6,378)	(6,350)	(12,567)	(12,808)
Reduction in net income	$11,014	$10,972	$21,704	$22,129

(1) Represents the impact of the acceleration of certain vesting schedules for stock options and restricted share units pursuant to the severance arrangements related to the integration of the marketing operations of the Company's Lionsgate and Summit film labels.

(2) Represents the income tax benefit recognized in the statements of income for share-based compensation arrangements.

The following table sets forth the stock option, equity-settled share appreciation rights, and restricted share unit activity during the six months ended September 30, 2015:

	Stock Options	Weighted-Average Exercise Price	Restricted Share Units	Weighted-Average Grant-Date Fair Value
Outstanding at March 31, 2015	13,214,696	$21.26	1,662,028	$28.10
Granted	2,671,884	$31.86	1,028,099	$32.49
Options exercised or RSUs vested	(394,879)	$13.92	(1,132,051)	$28.66
Forfeited or expired	(4,529)	$23.08	(25,397)	$30.40
Outstanding at September 30, 2015	15,487,172	$23.27	1,532,679	$30.59

During the six months ended September 30, 2014, 75,000 cash-settled share appreciation rights were exercised resulting in a cash payment of $1.7 million.
The excess tax benefits realized from tax deductions associated with option exercises and RSU activity were $1.2 million for the six months ended September 30, 2014. There were no excess tax benefits realized for the six months ended September 30, 2015.
Total unrecognized compensation cost related to unvested stock options and restricted share unit awards at September 30, 2015 are $60.3 million and $32.2 million, respectively, and are expected to be recognized over a weighted average period of 1.7 and 1.7 years, respectively.

(c) Dividends

On September 15, 2015, the Company's Board of Directors declared a quarterly cash dividend of $0.09 per common share payable on November 10, 2015, to shareholders of record as of September 30, 2015. As of September 30, 2015, the Company had $13.2 million of cash dividends payable included in accounts payable and accrued liabilities on the unaudited condensed consolidated balance sheet.

11. Income Taxes
The income tax provision for the three and six months ended September 30, 2015 and 2014 is calculated by estimating the Company's annual effective tax rate (estimated annual tax provision divided by estimated annual income before income taxes), and then applying the effective tax rate to income before income taxes for the quarter, along with any items that relate discretely to the quarter.
The Company's effective tax rate differs from the federal statutory rate and has changed from the prior period and could fluctuate significantly in the future, as the Company's effective tax rates are affected by many factors, including the overall level of pre-tax income, the mix of pre-tax income generated across the various jurisdictions in which the Company operates, changes in tax laws and regulations in those jurisdictions, changes in valuation allowances on its deferred tax assets, tax planning strategies available to the Company and other discrete items.

12. Government Assistance

Tax credits earned for film and television production activity for the three and six months ended September 30, 2015 totaled $85.9 million and $103.6 million, respectively (three and six months ended September 30, 2014 - $12.1 million and $89.5 million, respectively) and are recorded as a reduction of the cost of the related film and television program. Accounts receivable at September 30, 2015 includes $285.0 million with respect to tax credits receivable (March 31, 2015 - $219.2 million).

The Company is subject to routine inquiries and review by regulatory authorities of its various incentive claims which have been received or are receivable. Adjustments of claims have generally not been material historically.

13. Segment Information

The Company's reportable segments are determined based on the distinct nature of their operations and each segment is a strategic business unit that offers different products and services and is managed separately. The Company has two reportable business segments as of September 30, 2015: Motion Pictures and Television Production.

Motion Pictures consists of the development and production of feature films, acquisition of North American and worldwide distribution rights, North American theatrical, home entertainment and television distribution of feature films produced and acquired, and worldwide licensing of distribution rights to feature films produced and acquired.

Television Production consists of the development, production and worldwide distribution of television productions including television series, television movies and mini-series and non-fiction programming.

Segment information by business unit is as follows:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
	(Amounts in thousands)			
Segment revenues				
Motion Pictures	$353,929	$398,026	$629,317	$729,941
Television Production	122,830	154,850	256,383	272,318
	$476,759	$552,876	$885,700	$1,002,259
Direct operating expenses				
Motion Pictures	$187,821	$176,662	$317,175	$323,887
Television Production	104,989	129,729	205,945	221,377
	$292,810	$306,391	$523,120	$545,264
Distribution and marketing				
Motion Pictures	$144,853	$145,183	$207,329	$233,787
Television Production	8,287	7,694	17,735	16,411
	$153,140	$152,877	$225,064	$250,198
Gross segment contribution				
Motion Pictures	$21,255	$76,181	$104,813	$172,267
Television Production	9,554	17,427	32,703	34,530
	$30,809	$93,608	$137,516	$206,797
Segment general and administration				
Motion Pictures	$18,766	$18,228	$36,967	$35,590
Television Production	4,521	3,497	8,903	6,909
	$23,287	$21,725	$45,870	$42,499
Segment profit				
Motion Pictures	$2,489	$57,953	$67,846	$136,677
Television Production	5,033	13,930	23,800	27,621
	$7,522	$71,883	$91,646	$164,298

Gross segment contribution is defined as segment revenue less segment direct operating and distribution and marketing expenses.
Segment profit is defined as segment revenue less segment direct operating, distribution and marketing, and general and administration expenses. The reconciliation of total segment profit to the Company’s income (loss) before income taxes is as follows:

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	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
	(Amounts in thousands)			
Company's total segment profit	$7,522	$71,883	$91,646	$164,298
Shared services and corporate expenses:				
Share-based compensation expense	(17,392)	(17,322)	(34,271)	(33,743)
Restructuring and other items[1]	(4,623)	(1,354)	(4,623)	(6,242)
Other shared services and corporate expenses	(22,275)	(21,088)	(43,525)	(43,084)
Total shared services and corporate expenses	(44,290)	(39,764)	(82,419)	(83,069)
Depreciation and amortization	(2,520)	(1,631)	(4,350)	(2,977)
Operating income (loss)	(39,288)	30,488	4,877	78,252
Interest expense	(12,630)	(13,071)	(25,255)	(26,043)
Interest and other income	555	547	1,155	1,565
Loss on extinguishment of debt	—	(586)	—	(586)
Equity interests income	7,149	8,245	18,537	26,455
Income (loss) before income taxes	$(44,214)	$25,623	$(686)	$79,643

(1) Restructuring and other items include restructuring and severance costs, certain unusual items, and certain transaction related costs, when applicable. Amounts in the three and six months ended September 30, 2015 represent pension withdrawal costs of $2.7 million related to an underfunded multi-employer pension plan that the Company is no longer participating in, professional fees associated with certain strategic transactions, and $0.4 million of costs associated with the Company's direct to consumer subscription video-on-demand platforms. Amounts in the six months ended September 30, 2014 primarily represent severance costs associated with the integration of the marketing operations of the Company's Lionsgate and Summit film labels and costs related to the move of its international sales and distribution organization to the United Kingdom. Approximately $1.2 million of the costs are non-cash charges resulting from the acceleration of vesting of stock awards (see Note 10).

The following table sets forth significant assets as broken down by segment and other unallocated assets as of September 30, 2015 and March 31, 2015:

	September 30, 2015			March 31, 2015		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
	(Amounts in thousands)					
Significant assets by segment						
Accounts receivable	$502,736	$378,738	$881,474	$538,515	$353,365	$891,880
Investment in films and television programs, net	1,266,475	290,609	1,557,084	1,116,909	264,920	1,381,829
Goodwill	294,367	28,961	323,328	294,367	28,961	323,328
	$2,063,578	$698,308	$2,761,886	$1,949,791	$647,246	$2,597,037
Other unallocated assets (primarily cash, other assets, and investments)			803,340			695,052
Total assets			$3,565,226			$3,292,089

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The following table sets forth acquisition of investment in films and television programs as broken down by segment for the three and six months ended September 30, 2015 and 2014:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2015	2014	2015	2014
	(Amounts in thousands)			
Acquisition of investment in films and television programs				
Motion Pictures	$129,185	$275,923	$364,422	$428,344
Television Production	90,424	99,245	171,048	210,675
	$219,609	$375,168	$535,470	$639,019

Purchases of property and equipment amounted to $3.6 million and $6.9 million for the three and six months ended September 30, 2015, respectively, and $3.1 million and $4.5 million for the three and six months ended September 30, 2014, respectively, primarily pertaining to purchases for the Company's corporate headquarters.

14. Contingencies

Two purported Lions Gate stockholders have initiated legal proceedings in the United States District Court for the Southern District of New York relating to the March 13, 2014 announcement that the Company had entered into an administrative order with the United States Securities and Exchange Commission (the "SEC") that resolved the SEC's investigation into transactions that the Company announced on July 20, 2010. These actions are captioned Laborers Pension Trust Fund-Detroit & Vicinity v. Lions Gate Entertainment Corp., et al., Case No. 14 CV 5197 (filed July 11, 2014) and Barger v. Lions Gate Entertainment Corp., Case No. 14 CV 5477 (filed July 21, 2014). The actions allege, among other things, that the Company and certain of its current and former officers and directors violated the federal securities laws by failing to disclose the SEC's investigation prior to March 13, 2014. On October 28, 2014, the court consolidated the actions under the caption In re Lions Gate Entertainment Corp. Securities Litigation, Case No. 1:14-cv-05197-JGK, and appointed lead plaintiff and lead counsel. Lead plaintiff filed a consolidated amended complaint on December 29, 2014 and a second consolidated amended complaint on March 30, 2015. On April 30, 2015, defendants moved to dismiss the action. The court held oral argument on November 5, 2015. The Company does not believe the action has any merit and intends to vigorously defend against it.

In addition, on May 16, 2014, the Company received a letter from another purported stockholder, Arkansas Teacher Retirement System, demanding that the Company seek to recover damages, including the costs associated with the SEC investigation, and the fine paid, from the directors who were on the board (and certain officers) at the time the July 20, 2010 transactions occurred. On August 6, 2014, the board created a Special Committee of independent directors (composed of Mr. Frank Giustra and Mr. Gordon Crawford) to consider the demand. On October 1, 2014, the Arkansas Teacher Retirement System filed a petition in the Supreme Court of British Columbia seeking an order granting it leave to prosecute the claims in the name and on behalf of Lions Gate. The Special Committee concluded that commencing an action in British Columbia against the proposed defendants (or any of them) as demanded by the Arkansas Teacher Retirement System would not be in the best interests of the Company, and the Company has taken steps to oppose the petition, including through filing materials in opposition in December 2014 and January 2015. The Arkansas Teacher Retirement System has filed materials in reply. The petition is scheduled to be heard on November 25-27, 2015.

From time to time, the Company is involved in other claims and legal proceedings arising in the normal course of business. While the resolution of these matters cannot be predicted with certainty, we do not believe, based on current knowledge, that the outcome of any currently pending legal proceedings in which the Company is currently involved will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flow.

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15. Consolidating Financial Information — Convertible Senior Subordinated Notes

The January 2012 4.00% Notes and the April 2013 1.25% Notes by their terms, are fully and unconditionally guaranteed by the Company. LGEI, the issuer of the January 2012 4.00% Notes and the April 2013 1.25% Notes that are guaranteed by the Company, is 100% owned by the parent company guarantor, Lions Gate Entertainment Corp.

The following tables present condensed consolidating financial information as of September 30, 2015 and March 31, 2015, and for the six months ended September 30, 2015 and 2014 for (1) the Company, on a stand-alone basis, (2) LGEI, on a stand-alone basis, (3) the non-guarantor subsidiaries of the Company (including the subsidiaries of LGEI), on a combined basis (collectively, the “Non-guarantor Subsidiaries”) and (4) the Company, on a consolidated basis.

	As of September 30, 2015				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)				
BALANCE SHEET					
Assets					
Cash and cash equivalents	$34,460	$93,669	$42,288	$—	$170,417
Restricted cash	—	2,508	—	—	2,508
Accounts receivable, net	661	7,462	873,351	—	881,474
Investment in films and television programs, net	—	6,407	1,550,677	—	1,557,084
Property and equipment, net	—	28,474	1,620	—	30,094
Investments	40,072	7,468	426,750	—	474,290
Goodwill	10,172	—	313,156	—	323,328
Other assets	7,799	60,883	12,814	(5,661)	75,835
Deferred tax assets	1,720	40,713	7,763	—	50,196
Subsidiary investments and advances	1,439,399	1,402,068	2,729,366	(5,570,833)	—
	$1,534,283	$1,649,652	$5,957,785	$(5,576,494)	$3,565,226
Liabilities and Shareholders’ Equity (Deficiency)					
Senior revolving credit facility	$—	$—	$—	$—	$—
5.25% Senior Notes	225,000	—	—	—	225,000
Term Loan	400,000	—	—	—	400,000
Accounts payable and accrued liabilities	21,736	69,311	191,365	—	282,412
Participations and residuals	—	3,663	513,010	—	516,673
Film obligations and production loans	—	—	904,091	—	904,091
Convertible senior subordinated notes	—	98,979	—	—	98,979
Deferred revenue	—	5,995	244,529	—	250,524
Intercompany payable	—	1,708,625	2,523,811	(4,232,436)	—
Shareholders’ equity (deficiency)	887,547	(236,921)	1,580,979	(1,344,058)	887,547
	$1,534,283	$1,649,652	$5,957,785	$(5,576,494)	$3,565,226

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	Six Months Ended September 30, 2015				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
		(Amounts in thousands)			
STATEMENT OF OPERATIONS					
Revenues	$—	$14,215	$872,182	$(697)	$885,700
EXPENSES:					
Direct operating	597	(163)	522,686	—	523,120
Distribution and marketing	—	3,530	221,534	—	225,064
General and administration	3,042	78,875	47,197	(825)	128,289
Depreciation and amortization	—	3,747	603	—	4,350
Total expenses	3,639	85,989	792,020	(825)	880,823
OPERATING INCOME (LOSS)	(3,639)	(71,774)	80,162	128	4,877
Other expenses (income):					
Interest expense	18,294	107,134	83,947	(184,120)	25,255
Interest and other income	(101,066)	(316)	(83,639)	183,866	(1,155)
Total other expenses (income)	(82,772)	106,818	308	(254)	24,100
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	79,133	(178,592)	79,854	382	(19,223)
Equity interests income (loss)	(80,554)	96,699	20,298	(17,906)	18,537
INCOME (LOSS) BEFORE INCOME TAXES	(1,421)	(81,893)	100,152	(17,524)	(686)
Income tax provision (benefit)	(36)	(1,339)	2,516	(442)	699
NET INCOME (LOSS)	(1,385)	(80,554)	97,636	(17,082)	(1,385)
Foreign currency translation adjustments, net of tax	16,989	15,139	(2,162)	(27,973)	1,993
Net unrealized gain on available-for-sale securities, net of tax of $1,794	—	—	12,002	—	12,002
Net unrealized gain on foreign exchange contracts, net of tax	—	—	2,994	—	2,994
COMPREHENSIVE INCOME (LOSS)	$15,604	$(65,415)	$110,470	$(45,055)	$15,604

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LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Six Months Ended September 30, 2015 Lions Gate Entertainment Corp. (Amounts in thousands)	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
STATEMENT OF CASH FLOWS					
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	$42,018	$53,149	$(263,775)	$—	$(168,608)
INVESTING ACTIVITIES:					
Investment in equity method investees	—	—	(3,659)	—	(3,659)
Purchases of property and equipment	—	(6,765)	(115)	—	(6,880)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	—	(6,765)	(3,774)	—	(10,539)
FINANCING ACTIVITIES:					
Senior revolving credit facility - borrowings	48,000	—	—	—	48,000
Senior revolving credit facility - repayments	(48,000)	—	—	—	(48,000)
Term Loan - borrowings, net of deferred financing costs of $964	24,036	—	—	—	24,036
Convertible senior subordinated notes - repurchases	—	(5)	—	—	(5)
Production loans - borrowings	—	—	370,945	—	370,945
Production loans - repayments	—	—	(112,474)	—	(112,474)
Dividends paid	(20,563)	—	—	—	(20,563)
Excess tax benefits on equity-based compensation awards	—	—	—	—	—
Exercise of stock options	4,453	—	—	—	4,453
Tax withholding required on equity awards	(18,983)	—	—	—	(18,983)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(11,057)	(5)	258,471	—	247,409
NET CHANGE IN CASH AND CASH EQUIVALENTS	30,961	46,379	(9,078)	—	68,262
FOREIGN EXCHANGE EFFECTS ON CASH	—	—	(542)	—	(542)
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	3,499	47,290	51,908	—	102,697
CASH AND CASH EQUIVALENTS — END OF PERIOD	$34,460	$93,669	$42,288	$—	$170,417

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	As of March 31, 2015				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)				
BALANCE SHEET					
Assets					
Cash and cash equivalents	$3,499	$47,290	$51,908	$—	$102,697
Restricted cash	—	2,508	—	—	2,508
Accounts receivable, net	617	7,933	883,330	—	891,880
Investment in films and television programs, net	—	6,402	1,375,427	—	1,381,829
Property and equipment, net	—	24,938	1,713	—	26,651
Investments	40,072	9,229	388,997	—	438,298
Goodwill	10,172	—	313,156	—	323,328
Other assets	8,109	61,409	11,180	(5,914)	74,784
Deferred tax assets	10,524	32,252	7,338	—	50,114
Subsidiary investments and advances	1,385,522	1,378,571	2,571,801	(5,335,894)	—
	$1,458,515	$1,570,532	$5,604,850	$(5,341,808)	$3,292,089
Liabilities and Shareholders' Equity (Deficiency)					
Senior revolving credit facility	$—	$—	$—	$—	$—
5.25% Senior Notes	225,000	—	—	—	225,000
Term Loan	375,000	—	—	—	375,000
Accounts payable and accrued liabilities	16,228	86,472	229,773	—	332,473
Participations and residuals	—	3,417	468,244	—	471,661
Film obligations and production loans	—	—	656,755	—	656,755
Convertible senior subordinated notes	—	114,126	—	—	114,126
Deferred revenue	—	7,722	267,065	—	274,787
Intercompany payable	—	1,530,299	2,547,928	(4,078,227)	—
Shareholders' equity (deficiency)	842,287	(171,504)	1,435,085	(1,263,581)	842,287
	$1,458,515	$1,570,532	$5,604,850	$(5,341,808)	$3,292,089

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Six Months Ended September 30, 2014				
	Lions Gate Entertainment Corp.	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
	(Amounts in thousands)				
STATEMENT OF INCOME					
Revenues	$—	$16,829	$985,668	$(238)	$1,002,259
EXPENSES:					
Direct operating	2	1,118	544,095	49	545,264
Distribution and marketing	—	1,119	249,079	—	250,198
General and administration	1,254	78,365	46,212	(263)	125,568
Depreciation and amortization	—	1,651	1,326	—	2,977
Total expenses	1,256	82,253	840,712	(214)	924,007
OPERATING INCOME (LOSS)	(1,256)	(65,424)	144,956	(24)	78,252
Other expenses (income):					
Interest expense	15,265	90,079	64,496	(143,797)	26,043
Interest and other income	(81,936)	(86)	(63,106)	143,563	(1,565)
Loss on extinguishment of debt	—	586	—	—	586
Total other expenses (income)	(66,671)	90,579	1,390	(234)	25,064
INCOME (LOSS) BEFORE EQUITY INTERESTS AND INCOME TAXES	65,415	(156,003)	143,566	210	53,188
Equity interests income (loss)	(790)	155,021	26,346	(154,122)	26,455
INCOME (LOSS) BEFORE INCOME TAXES	64,625	(982)	169,912	(153,912)	79,643
Income tax provision (benefit)	583	(192)	32,349	(17,139)	15,601
NET INCOME (LOSS)	64,042	(790)	137,563	(136,773)	64,042
Foreign currency translation adjustments, net of tax	(1,377)	(2,491)	241	1,834	(1,793)
Net unrealized gain on foreign exchange contracts, net of tax	—	—	416	—	416
COMPREHENSIVE INCOME (LOSS)	$62,665	$(3,281)	$138,220	$(134,939)	$62,665

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LIONS GATE ENTERTAINMENT CORP.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Six Months Ended September 30, 2014 Lions Gate Entertainment Corp. (Amounts in thousands)	Lions Gate Entertainment Inc.	Non-guarantor Subsidiaries	Consolidating Adjustments	Lions Gate Consolidated
STATEMENT OF CASH FLOWS					
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	$101,782	$18,602	$(328,321)	$—	$(207,937)
INVESTING ACTIVITIES:					
Proceeds from the sale of equity method investees	—	—	14,575	—	14,575
Investment in equity method investees	—	(2,150)	(10,500)	—	(12,650)
Purchases of other investments	—	(2,000)	—	—	(2,000)
Purchases of property and equipment	—	(3,871)	(624)	—	(4,495)
NET CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES	—	(8,021)	3,451	—	(4,570)
FINANCING ACTIVITIES:					
Senior revolving credit facility - borrowings	367,500	—	—	—	367,500
Senior revolving credit facility - repayments	(325,619)	—	—	—	(325,619)
Convertible senior subordinated notes - repurchases	—	(16)	—	—	(16)
Production loans - borrowings	—	—	385,706	—	385,706
Production loans - repayments	—	—	(65,435)	—	(65,435)
Repurchase of common shares	(126,404)	—	—	—	(126,404)
Dividends paid	(13,946)	—	—	—	(13,946)
Excess tax benefits on equity-based compensation awards	—	1,150	—	—	1,150
Exercise of stock options	1,663	—	—	—	1,663
Tax withholding required on equity awards	(12,136)	—	—	—	(12,136)
NET CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES	(108,942)	1,134	320,271	—	212,463
NET CHANGE IN CASH AND CASH EQUIVALENTS	(7,160)	11,715	(4,599)	—	(44)
FOREIGN EXCHANGE EFFECTS ON CASH	—	—	621	—	621
CASH AND CASH EQUIVALENTS — BEGINNING OF PERIOD	8,128	5,999	11,565	—	25,692
CASH AND CASH EQUIVALENTS — END OF PERIOD	$968	$17,714	$7,587	$—	$26,269

16. Derivative Instruments and Hedging Activities

The Company enters into forward foreign exchange contracts to hedge its foreign currency exposures on future production expenses and tax credit receivables denominated in various foreign currencies. As of September 30, 2015, the Company had the following outstanding forward foreign exchange contracts (all outstanding contracts have maturities of less than 14 months from September 30, 2015):

September 30, 2015

Foreign Currency	Foreign Currency Amount		US Dollar Amount	Weighted Average Exchange Rate Per $1 USD
	(Amounts in millions)		(Amounts in millions)	
British Pound Sterling	£2.0	in exchange for	$3.4	£0.58
Australian Dollar	A$56.8	in exchange for	$50.6	A$1.12
Euro	€1.5	in exchange for	$1.7	€0.93
Canadian Dollar	C$59.8	in exchange for	$45.6	C$1.31

Changes in the fair value representing a net unrealized fair value gain on foreign exchange contracts that qualified as effective hedge contracts outstanding during the three and six months ended September 30, 2015 were gains, net of tax, of $3.0 million and $3.0 million, respectively (2014 - gains, net of tax, of $1.2 million and $0.4 million, respectively), and are included in accumulated other comprehensive income (loss), a separate component of shareholders' equity. Changes in the fair value representing a net unrealized fair value gain on foreign exchange contracts that did not qualify as effective hedge contracts outstanding during the three and six months ended September 30, 2015 were nil and $0.1 million, respectively (three and six months ended September 30, 2014 - $0.4 million) and are included in direct operating expenses in the consolidated statements of operations. The Company monitors its positions with, and the credit quality of, the financial institutions that are party to its financial transactions.

As of September 30, 2015, $11.9 million was included in other assets and $0.9 million in accounts payable and accrued liabilities (March 31, 2015 - $8.3 million in other assets and $2.0 million in accounts payable and accrued liabilities) in the accompanying consolidated balance sheets related to the Company's use of foreign currency derivatives. The Company classifies its forward foreign exchange contracts within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments.

During the three and six months ended September 30, 2015, the Company did not have any significant amounts reclassified out of accumulated other comprehensive income. As of September 30, 2015, based on the current release schedule, the Company estimates approximately $7.2 million of gains associated with cash flow hedges in accumulated other comprehensive income (loss) to be reclassified into earnings during the one-year period ending September 30, 2016.

17. Supplementary Cash Flow Statement Information

The supplemental schedule of non-cash investing and financing activities for the six months ended September 30, 2015 and 2014 is presented below.

Six Months Ended

	September 30,	
	2015	2014
	(Amounts in thousands)	
Non-cash financing activities:		
Accrued dividends (see Note 10)	$13,200	$9,590
Conversions of convertible senior subordinated notes (see Note 5)	$16,162	$11,350

There were no non-cash investing activities for the six months ended September 30, 2015 and 2014.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

Lions Gate Entertainment Corp. ("Lionsgate," the "Company," "we," "us" or "our") is a premier next generation global conten leader with a strong and diversified presence in motion picture production and distribution, television programming and syndication, home entertainment, digital distribution, channel platforms and international distribution and sales. We operate primarily through two reporting segments: Motion Pictures and Television Production.

Revenues

Our revenues are derived from the Motion Pictures and Television Production segments, as described below. Our revenues are derived from the U.S., Canada, the U.K., and other foreign countries. None of the non-U.S. countries individually comprised greater than 10% of total revenues for the three and six months ended September 30, 2015 and 2014.

Motion Pictures. Our Motion Pictures segment includes revenues derived from the following:

- Theatrical. Theatrical revenues are derived from the domestic theatrical release of motion pictures licensed to theatrical exhibitors on a picture-by-picture basis (directly distributed by us in the U.S. and through a sub-distributor in Canada). The revenues from Canada are reported net of distribution fees and release expenses of the Canadian sub-distributor. The financial terms that we negotiate with our theatrical exhibitors in the U.S. generally provide that we receive a percentage of the box office results and are negotiated on a picture-by-picture basis.
- Home Entertainment. Home Entertainment revenues are derived from the sale or rental of our film productions and acquired or licensed films (including theatrical and direct-to-video releases) and certain television programs, to retail stores and through digital media platforms. In addition, we have revenue sharing arrangements with certain digital media platforms which generally provide that, in exchange for a nominal or no upfront sales price, we share in the rental or sales revenues generated by the platform on a title-by-title basis. We categorize our Home Entertainment revenue as follows:
- Packaged media revenue: Packaged media revenue consists of the sale or rental of DVDs and Blu-ray discs.
- Digital media revenue: Digital media revenue consists of revenues generated from pay-per-view and video-on-demand platforms, electronic sell-through ("EST"), and digital rental.
- Television. Television revenues are primarily derived from the licensing of our theatrical productions and acquired films to the domestic cable, satellite, and free and pay television markets.
- International. International revenues are derived from the licensing of our productions, acquired films, our catalog product and libraries of acquired titles from our international subsidiaries, and revenues from our distribution to international sub-distributors, on a territory-by-territory basis. International revenues also includes revenues from the direct distribution of our productions, acquired films, and our catalog product and libraries of acquired titles in the United Kingdom.
- Motion Pictures - Other. Other revenues are derived from, among others, our interactive ventures and games division, our global franchise management and strategic partnerships division, the sales and licensing of music from the theatrical exhibition of our films and the television broadcast of our productions, and from the licensing of our films and television programs to ancillary markets.

Television Production. Our Television Production segment includes revenues derived from the following:

- Domestic Television. Domestic television revenues are derived from the licensing and syndication to domestic markets of one-hour and half-hour series, television movies, mini-series and non-fiction programming.
- International. International television revenues are derived from the licensing and syndication to international markets of one-hour and half-hour series, television movies, mini-series and non-fiction programming.
- Home Entertainment. Home entertainment revenues are derived from the sale or rental of television production movies or series to retail stores and through digital media platforms. Home entertainment revenue consists of packaged media revenue and digital media revenue.

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- Television Production - Other. Other revenues are derived from, among others, product integration in our television episodes and programs, the sales and licensing of music from the television broadcasts of our productions, and from the licensing of our television programs to ancillary markets. For additional information, see Motion Pictures - Other above.

Expenses

Our primary operating expenses include direct operating expenses, distribution and marketing expenses and general and administration expenses.

Direct operating expenses include amortization of film and television production or acquisition costs, participation and residual expenses, provision for doubtful accounts, and foreign exchange gains and losses. Participation costs represent contingent consideration payable based on the performance of the film or television program to parties associated with the film or television program, including producers, writers, directors or actors, etc. Residuals represent amounts payable to various unions or “guilds” such as the SAG - AFTRA, Directors Guild of America, and Writers Guild of America, based on the performance of the film or television program in certain ancillary markets or based on the individual’s (i.e., actor, director, writer) salary level in the television market.

Distribution and marketing expenses primarily include the costs of theatrical “prints and advertising” (“P&A”) and of DVD/Blu-ray duplication and marketing. Theatrical P&A includes the costs of the theatrical prints delivered to theatrical exhibitors and the advertising and marketing cost associated with the theatrical release of the picture. DVD/Blu-ray duplication represents the cost of the DVD/Blu-ray product and the manufacturing costs associated with creating the physical products. DVD/Blu-ray marketing costs represent the cost of advertising the product at or near the time of its release or special promotional advertising.

General and administration expenses include salaries and other overhead.

CRITICAL ACCOUNTING POLICIES

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The application of the following accounting policies, which are important to our financial position and results of operations, requires significant judgments and estimates on the part of management. As described more fully below, these estimates bear the risk of change due to the inherent uncertainty attached to the estimate. In some cases, changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ materially from our estimates. For example, accounting for films and television programs requires us to estimate future revenue and expense amounts which, due to the inherent uncertainties involved in making such estimates, are likely to differ to some extent from actual results. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations will be affected. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. For a summary of all of our accounting policies, including the accounting policies discussed below, see Note 2 to our audited consolidated financial statements in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on May 21, 2015.

Accounting for Films and Television Programs. We capitalize costs of production and acquisition, including financing costs and production overhead, to investment in films and television programs. These costs for an individual film or television program are amortized and participation and residual costs are accrued to direct operating expenses in the proportion that current year’s revenues bear to management’s estimates of the ultimate revenue at the beginning of the current year expected to be recognized from exploitation, exhibition or sale of such film or television program. Ultimate revenue includes estimates over a period not to exceed ten years following the date of initial release of the motion picture. For an episodic television series, the period over which ultimate revenues are estimated cannot exceed ten years following the date of delivery of the first episode, or, if still in production, five years from the date of delivery of the most recent episode, if later. For previously released films or television programs acquired as part of a library, ultimate revenue includes estimates over a period not to exceed twenty years from the date of acquisition.

Due to the inherent uncertainties involved in making such estimates of ultimate revenues and expenses, these estimates have differed in the past from actual results and are likely to differ to some extent in the future from actual results. In addition, in the normal course of our business, some films and titles are more successful than anticipated and some are less successful than anticipated. Our management regularly reviews and revises when necessary its ultimate revenue and cost estimates, which may result in a change in the rate of amortization of film costs and participations and residuals and/or write-down of all or a

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portion of the unamortized costs of the film or television program to its estimated fair value. Our management estimates the ultimate revenue based on experience with similar titles or title genre, the general public appeal of the cast, actual performance (when available) at the box office or in markets currently being exploited, and other factors such as the quality and acceptance of motion pictures or programs that our competitors release into the marketplace at or near the same time, critical reviews, general economic conditions and other tangible and intangible factors, many of which we do not control and which may change.

An increase in the estimate of ultimate revenue will generally result in a lower amortization rate and, therefore, less film and television program amortization expense, while a decrease in the estimate of ultimate revenue will generally result in a higher amortization rate and, therefore, higher film and television program amortization expense, and also periodically results in a write-down of the film cost to the title's fair value. These write-downs are included in amortization expense within direct operating expenses in our consolidated statements of income. Investment in films and television programs is stated at the lower of amortized cost or estimated fair value. The valuation of investment in films and television programs is reviewed on a title-by-title basis, when an event or change in circumstances indicates that the fair value of a film or television program is less than its unamortized cost. In determining the fair value of our films and television programs, we employ a discounted cash flows ("DCF") methodology with assumptions for cash flows. Key inputs employed in the DCF methodology include estimates of a film's ultimate revenue and costs as well as a discount rate. The discount rate utilized in the DCF analysis is based on our weighted average cost of capital plus a risk premium representing the risk associated with producing a particular film or television program. The fair value of any film costs associated with a film or television program that we plan to abandon is zero. As the primary determination of fair value is determined using a DCF model, the resulting fair value is considered a Level 3 measurement (as defined in Note 8 to our unaudited condensed consolidated financial statements). Additional amortization is recorded in the amount by which the unamortized costs exceed the estimated fair value of the film or television program. Estimates of future revenue involve measurement uncertainty and it is therefore possible that reductions in the carrying value of investment in films and television programs may be required as a consequence of changes in our future revenue estimates.

Revenue Recognition. Revenue from the theatrical release of feature films is recognized at the time of exhibition based on our participation in box office receipts. Revenue from the sale of DVDs and Blu-ray discs in the retail market, net of an allowance for estimated returns and other allowances, is recognized on the later of receipt by the customer or "street date" (when it is available for sale by the customer). Under revenue sharing arrangements, including digital and EST arrangements, such as download-to-own, download-to-rent, video-on-demand, and subscription video-on-demand, revenue is recognized when we are entitled to receipts and such receipts are determinable. Revenues from television or digital licensing for fixed fees are recognized when the feature film or television program is available to the licensee for telecast. For television licenses that include separate availability "windows" during the license period, revenue is allocated over the "windows." Revenue from sales to international territories are recognized when access to the feature film or television program has been granted or delivery has occurred, as required under the sales contract, and the right to exploit the feature film or television program has commenced. For multiple media rights contracts with a fee for a single film or television program where the contract provides for media holdbacks (defined as contractual media release restrictions), the fee is allocated to the various media based on our assessment of the relative fair value of the rights to exploit each media and is recognized as each holdback is released. For multiple-title contracts with a fee, the fee is allocated on a title-by-title basis, based on our assessment of the relative fair value of each title. The primary estimate requiring the most subjectivity and judgment involving revenue recognition is the estimate of sales returns associated with our revenue from the sale of DVDs/Blu-ray discs in the retail market which is discussed separately below under the caption "Sales Returns Allowance."

Sales Returns Allowance. Revenues are recorded net of estimated returns and other allowances. We estimate reserves for DVD/Blu-ray returns based on previous returns experience, point-of-sale data available from certain retailers, current economic trends, and projected future sales of the title to the consumer based on the actual performance of similar titles on a title-by-title basis in each of the DVD/Blu-ray businesses. Factors affecting actual returns include, among other factors, limited retail shelf space at various times of the year, success of advertising or other sales promotions, and the near term release of competing titles. We believe that our estimates have been materially accurate in the past; however, due to the judgment involved in establishing reserves, we may have adjustments to our historical estimates in the future. Our estimate of future returns affects reported revenue and operating income. If we underestimate the impact of future returns in a particular period, then we may record less revenue in later periods when returns exceed the estimated amounts. If we overestimate the impact of future returns in a particular period, then we may record additional revenue in later periods when returns are less than estimated. An incremental change of 1% in our estimated sales returns rate (i.e., provisions for returns divided by gross sales of related product) for home entertainment products would have had an impact of approximately $1.3 million and $2.2 million on our total revenue in the three and six months ended September 30, 2015 (2014 - $1.6 million and $2.7 million, respectively).

Provisions for Accounts Receivable. We estimate provisions for accounts receivable based on historical experience and relevant facts and information regarding the collectability of the accounts receivable. In performing this evaluation, significant judgments and estimates are involved, including an analysis of specific risks on a customer-by-customer basis for our larger customers and an analysis of the length of time receivables have been past due. The financial condition of a given customer and its ability to pay may change over time or could be better or worse than anticipated and could result in an increase or decrease to our allowance for doubtful accounts, which, when the impact of such change is material, is disclosed in our discussion on direct operating expenses elsewhere in “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Income Taxes. We are subject to federal and state income taxes in the U.S., and in several foreign jurisdictions. We record deferred tax assets related to net operating loss carryforwards and certain temporary differences, net of applicable reserves. We recognize a future tax benefit to the extent that realization of such benefit is more likely than not; otherwise a valuation allowance is applied. In order to realize the benefit of our deferred tax assets, we will need to generate sufficient taxable income in the future. In previous years, we had historically provided a full valuation allowance against our net deferred tax assets because of our historical operating losses. Due to the profitability achieved in our fiscal year ended March 31, 2013, which resulted in a cumulative positive three year pre-tax income, and our current projections of profitability in the next few years, we determined that it was more likely than not that we will realize the benefit of certain of our deferred tax assets, including our net operating loss carryforwards and, accordingly, the valuation allowance related to those assets was reversed as of March 31, 2013. In addition, due to certain financing transactions in the year ended March 31, 2014, we determined that it was more likely than not that we will realize the benefit of certain of our deferred tax assets in our Canadian tax jurisdiction, and accordingly, the valuation allowance related to those assets was reversed during the year ended March 31, 2014. However, the assessment as to whether there will be sufficient taxable income to realize our net deferred tax assets is an estimate which could change in the future depending primarily upon the actual performance of our Company. We will be required to continually evaluate the more likely than not assessment that our net deferred tax assets will be realized, and if operating results deteriorate, we may need to reestablish all or a portion of the valuation allowance through a charge to our income tax provision.

In determining our quarterly provision for income taxes, we use an estimated annual effective tax rate which is based on our expected annual income and statutory tax rates in the various jurisdictions in which we operate. The income tax provision in the period is calculated by estimating the Company's annual effective tax rate (estimated annual tax provision divided by estimated annual income before income taxes), and then applying the effective tax rate to income before income taxes for the period plus or minus the tax effects of items that relate discretely to the period, if any. Our effective tax rates differ from the federal statutory rate and are affected by many factors, including the overall level of pre-tax income, the mix of pre-tax income generated across the various jurisdictions in which we operate, changes in tax laws and regulations in those jurisdictions, changes in valuation allowances on our deferred tax assets, tax planning strategies available to us and other discrete items.

Goodwill. Goodwill is reviewed for impairment each fiscal year or between the annual tests if an event occurs or circumstances change that indicate it is more likely than not that the fair value of a reporting unit is less than its carrying value. We perform our annual impairment test as of January 1 in each fiscal year. We performed our last annual impairment test on our goodwill as of January 1, 2015 by first assessing qualitative factors to determine whether it was necessary to perform the two-step annual goodwill impairment test. Based on our qualitative assessments, including but not limited to, the results of our most recent quantitative impairment test, consideration of macroeconomic conditions, industry and market conditions, cash flows, and changes in our share price, we concluded that it was more likely than not that the fair value of our reporting units was greater than their carrying value.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standard update relating to the recognition of revenue from contracts with customers, which will supersede most current U.S. GAAP revenue recognition guidance, including industry-specific guidance. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. The new revenue recognition standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Based on the current guidance, the new framework will become effective on either a full or modified retrospective basis for the

Company on April 1, 2018. The Company is currently evaluating the impact that the adoption of this new guidance will have on its consolidated financial statements.

In April 2015, the FASB issued an accounting standards update relating to the presentation of debt issuance costs. The accounting update requires companies to present debt issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts, rather than as an asset. The guidance is effective for our fiscal year beginning April 1, 2016, with early adoption permitted. We are planning to adopt the new guidance effective April 1, 2016. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

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RESULTS OF OPERATIONS

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014
The following table sets forth segment information by business unit, and as a percentage of segment revenues, for the three months ended September 30, 2015 and 2014:

	Three Months Ended September 30, 2015			2014			Increase (Decrease)		
	Amount	% of Segment Revenues		Amount	% of Segment Revenues		Amount	Percent	
	(Amounts in millions)								
Segment revenues[1]									
Motion Pictures	$354.0			$398.0			$(44.0)	(11.1	)%
Television Production	122.8			154.9			(32.1)	(20.7	)%
	$476.8			$552.9			$(76.1)	(13.8	)%
Direct operating expenses									
Motion Pictures	$187.8	53.1	%	$176.7	44.4	%	$11.1	6.3	%
Television Production	105.0	85.5		129.7	83.7		(24.7)	(19.0	)%
	$292.8	61.4	%	$306.4	55.4	%	$(13.6)	(4.4	)%
Distribution and marketing									
Motion Pictures	$144.8	40.9	%	$145.2	36.5	%	$(0.4)	(0.3	)%
Television Production	8.3	6.8		7.7	5.0		0.6	7.8	%
	$153.1	32.1	%	$152.9	27.7	%	$0.2	0.1	%
Gross segment contribution									
Motion Pictures	$21.3	6.0	%	$76.2	19.1	%	$(54.9)	(72.0	)%
Television Production	9.6	7.8		17.4	11.2		(7.8)	(44.8	)%
	$30.9	6.5	%	$93.6	16.9	%	$(62.7)	(67.0	)%

(1) A significant component of revenue comes from home entertainment. The following table sets forth total home entertainment revenue for both the Motion Pictures and Television Production reporting segments for the three months ended September 30, 2015 and 2014:

	Three Months Ended September 30, 2015	2014	Increase (Decrease) Amount	Percent	
	(Amounts in millions)				
Home Entertainment Revenue					
Motion Pictures	$147.0	$153.9	$(6.9)	(4.5	)%
Television Production	6.5	10.5	(4.0)	(38.1	)%
	$153.5	$164.4	$(10.9)	(6.6	)%

Motion Pictures Revenue
The table below sets forth the components of revenue and the changes in these components for the Motion Pictures reporting segment for the three months ended September 30, 2015 and 2014.

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	Three Months Ended September 30,		Increase (Decrease)	
	2015	2014	Amount	Percent
	(Amounts in millions)			
Motion Pictures				
Theatrical	$26.3	$44.9	$(18.6)	(41.4)%
Home Entertainment	147.0	153.9	(6.9)	(4.5)%
Television	59.9	69.4	(9.5)	(13.7)%
International[(1)]	107.8	112.9	(5.1)	(4.5)%
Other	13.0	16.9	(3.9)	(23.1)%
	$354.0	$398.0	$(44.0)	(11.1)%

(1) The three months ended September 30, 2014 includes a reclassification of Lionsgate UK (previously presented separately) amounting to $37.3 million to the International line item, in order to be consistent with the current fiscal year classification.

Motion Pictures — Theatrical Revenue

The following table sets forth the titles released from our Fiscal 2016 and Fiscal 2015 Theatrical Slates and titles released in other product categories that represented a significant portion of revenue for the three months ended September 30, 2015 and 2014, respectively:

Three Months Ended September 30,			
2015		2014	
	Theatrical Release Date		Theatrical Release Date
Fiscal 2016 Theatrical Slate:		Fiscal 2015 Theatrical Slate:	
Sicario*	September 2015*	The Expendables 3	August 2014
Shaun the Sheep Movie	August 2015	Step Up All In	August 2014
American Ultra	August 2015	Managed Brands[(1)]:	
		A Most Wanted Man	August 2014
Other Feature Film[(2)]:		Other Feature Film[(2)]:	
Un Gallo Con Muchos Huevos	September 2015	Cantinflas	August 2014

* Initially a limited release through September 30, 2015.

(1) Managed Brands represents Direct-to-DVD motion pictures, acquired and licensed brands, third-party library product and ancillary-driven platform theatrical releases.

(2) Other Feature Film includes certain specialty theatrical releases and other titles.

Theatrical revenue of $26.3 million decreased $18.6 million, or 41.4%, in the three months ended September 30, 2015 as compared to the three months ended September 30, 2014, primarily driven by the performance of our theatrical slate titles released in the current quarter as compared to the prior year's quarter, and the limited release of Sicario through September 30, 2015, which was expanded to a wide release subsequent to September 30, 2015. The decrease was also, to a lesser extent, due to revenue in the three months ended September 30, 2014 from A Most Wanted Man from our Managed Brands product category, with no comparable release in the three months ended September 30, 2015. These decreases were slightly offset by increased revenue in the three months ended September 30, 2015 from Other Feature Film, driven by the titles listed in the table above.

Motion Pictures — Home Entertainment Revenue

The following table sets forth the titles released on home entertainment from our theatrical slates in the three months ended September 30, 2015 and 2014, in addition to titles from our theatrical slates and other product categories which contributed a significant amount of revenue in the current and prior year's quarter, respectively:

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Three Months Ended September 30,			
2015		2014	
	Packaged Media Release Date		Packaged Media Release Date
Fiscal 2016 Theatrical Slate:		Fiscal 2015 Theatrical Slate:	
Age of Adaline	September 2015	Draft Day	September 2014
Child 44	August 2015	The Quiet Ones	August 2014
Fiscal 2015 Theatrical Slate:		Fiscal 2014 Theatrical Slate:	
The Divergent Series: Insurgent	August 2015	Divergent	August 2014
The DUFF	June 2015	The Single Mom's Club	July 2014
Fiscal 2014 Theatrical Slate:		I, Frankenstein	May 2014
Divergent	August 2014	The Legend of Hercules	April 2014
Managed Brands:		Managed Brands:	
Love & Mercy	September 2015	God's Not Dead	August 2014
Ex Machina	July 2015	Under The Skin	July 2014
Maggie	July 2015		

The following table sets forth the components of home entertainment revenue by product category for the three months ended September 30, 2015 and 2014:

	Three Months Ended September 30,						
	2015			2014			Total
	Packaged Media	Digital Media[(1)]	Total	Packaged Media	Digital Media[(1)]	Total	Increase (Decrease)
			(Amounts in millions)				
Home entertainment revenues							
Fiscal 2016 Theatrical Slate	$10.2	$1.3	$11.5	$—	$—	$—	$ 11.5
Fiscal 2015 Theatrical Slate	33.9	24.3	58.2	11.6	1.9	13.5	44.7
Fiscal 2014 Theatrical Slate	5.3	1.8	7.1	51.6	24.6	76.2	(69.1)
Prior Theatrical Slates	7.1	6.2	13.3	7.2	4.8	12.0	1.3
Total Theatrical Slates	56.5	33.6	90.1	70.4	31.3	101.7	(11.6)
Managed Brands	37.7	15.9	53.6	31.7	14.6	46.3	7.3
Other Feature Film	2.1	1.2	3.3	3.3	2.6	5.9	(2.6)
	$96.3	$50.7	$147.0	$105.4	$48.5	$153.9	$ (6.9)

(1) Digital media revenue consists of revenues generated from pay-per-view and video-on-demand platforms, EST, and digital rental.

Home entertainment revenue of $147.0 million decreased $6.9 million, or 4.5%, in the three months ended September 30, 2015, as compared to the three months ended September 30, 2014. The decrease was primarily driven by our theatrical slates, due to the number and performance of the titles released on packaged media from our smaller Fiscal 2015 Theatrical Slate in the three months ended September 30, 2015 (as listed in the table above), compared to the titles released on packaged media from our Fiscal 2014 Theatrical Slate in the prior year's quarter (as listed in the table above), and in particular the lower revenue generated from The Divergent Series: Insurgent in the current quarter as compared to the revenue generated from Divergent in the prior year's quarter. Additionally, Other Feature Film decreased $2.6 million in the three months ended September 30, 2015, as compared to the three months ended September 30, 2014. These decreases were offset in part by an increase in Managed Brands revenue of $7.3 million, driven by the titles listed in the table above.

Motion Pictures — Television Revenue

The following table sets forth the titles contributing significant motion pictures television revenue for the three months ended September 30, 2015 and 2014:

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Three Months Ended September 30,	
2015	2014
Fiscal 2015 Theatrical Slate:	Fiscal 2014 Theatrical Slate:
The Hunger Games: Mockingjay - Part 1	Escape Plan
Fiscal 2014 Theatrical Slate:	I, Frankenstein
Now You See Me	The Hunger Games: Catching Fire
	The Legend of Hercules
Prior Theatrical Slates:	Prior Theatrical Slates:
The Twilight Saga: Breaking Dawn - Part 2	The Twilight Saga: Breaking Dawn - Part 1
Managed Brands:	
Kevin Hart: Let Me Explain	

The following table sets forth the components of television revenue by product category for the three months ended September 30, 2015 and 2014:

	Three Months Ended September 30,		Increase (Decrease)	
	2015	2014	Amount	Percent
	(Amounts in millions)			
Television revenues				
Fiscal 2015 Theatrical Slate	$14.7	$—	$14.7	n/m
Fiscal 2014 Theatrical Slate	5.4	33.9	(28.5)	(84.1)%
Prior Theatrical Slates	28.4	30.2	(1.8)	(6.0)%
Total Theatrical Slates	48.5	64.1	(15.6)	(24.3)%
Managed Brands	11.0	4.7	6.3	134.0 %
Other Feature Film	0.4	0.6	(0.2)	(33.3)%
	$59.9	$69.4	$(9.5)	(13.7)%

n/m - Percentage not meaningful.

Television revenue decreased in the three months ended September 30, 2015, as compared to the three months ended September 30, 2014, due primarily to the fewer number of titles with television windows opening in the period from our smaller Fiscal 2015 Theatrical Slate as compared to our Fiscal 2014 Theatrical Slate. This decrease was offset partially by higher revenue from titles with television windows opening in the period from our Managed Brands product category (as listed in the table above).

Motion Pictures — International Revenue

The following table sets forth the titles contributing significant motion pictures international revenue for the three months ended September 30, 2015 and 2014:

Three Months Ended September 30,	
2015	2014
Fiscal 2016 Theatrical Slate:	Fiscal 2015 Theatrical Slate:
Child 44	Step Up All In
Sicario	
Fiscal 2015 Theatrical Slate:	Fiscal 2014 Theatrical Slate:
The Divergent Series: Insurgent	Divergent
The Hunger Games: Mockingjay - Part 1	The Hunger Games: Catching Fire
UK Third Party Product:	Prior Theatrical Slates:
A Little Chaos	The Twilight Saga: Breaking Dawn - Part 1

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The following table sets forth the components of international revenue by product category for the three months ended September 30, 2015 and 2014:

	Three Months Ended September 30,		Increase (Decrease)	
	2015	2014	Amount	Percent
	(Amounts in millions)			
International revenues[1]				
Fiscal 2016 Theatrical Slate	$22.5	$—	$22.5	n/m
Fiscal 2015 Theatrical Slate	47.3	14.3	33.0	230.8 %
Fiscal 2014 Theatrical Slate	1.3	51.5	(50.2)	(97.5)%
Prior Theatrical Slates	10.8	21.3	(10.5)	(49.3)%
Total Theatrical Slates	81.9	87.1	(5.2)	(6.0)%
UK Third Party Product[2]	18.6	17.1	1.5	8.8 %
Managed Brands	4.7	5.1	(0.4)	(7.8)%
Other Feature Film	2.6	3.6	(1.0)	(27.8)%
	$107.8	$112.9	$(5.1)	(4.5)%

n/m - Percentage not meaningful.

(1) Certain amounts in the prior year's quarter have been reclassified between product types in order to be consistent with the current period classification. Specifically, Lionsgate UK revenues in the three months ended September 30, 2014 of $37.3 million, which were previously separately presented, have been combined within our international revenue product categories.

(2) UK Third Party Product represents titles acquired separately for self-distribution in the U.K. territory.

International motion pictures revenue decreased in the three months ended September 30, 2015, as compared to the three months ended September 30, 2014, primarily due to lower revenue from our Prior Theatrical Slates category. This decrease was offset partially by a higher contribution from our Fiscal 2016 Theatrical Slate driven by Child 44 in the three months ended September 30, 2015, as compared to the revenue generated by our Fiscal 2015 Theatrical Slate in the three months ended September 30, 2014.

Motion Pictures — Other Revenue

Other revenue included in motion pictures revenue decreased in the three months ended September 30, 2015, as compared to the three months ended September 30, 2014, primarily due to a licensing arrangement made in the prior year's quarter.

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Television Production Revenue

The following table sets forth the components and the changes in the components of revenue that make up television production revenue for the three months ended September 30, 2015 and 2014:

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Increase (Decrease) Amount	Increase (Decrease) Percent
	(Amounts in millions)			
Television Production				
Domestic Television	$87.9	$109.6	$(21.7)	(19.8)%
International	26.4	33.7	(7.3)	(21.7)%
Home Entertainment				
Digital	5.3	8.2	(2.9)	(35.4)%
Packaged Media	1.2	2.3	(1.1)	(47.8)%
Total Home Entertainment	6.5	10.5	(4.0)	(38.1)%
Other	2.0	1.1	0.9	81.8%
	$122.8	$154.9	$(32.1)	(20.7)%

Television Production - Domestic Television

Domestic television revenue decreased in the three months ended September 30, 2015, as compared to the three months ended September 30, 2014, primarily due to a decrease in television episodes delivered during the three months ended September 30, 2015, as compared to the three months ended September 30, 2014. Television episodes delivered for original exhibition during the three months ended September 30, 2015 and 2014 included the episode deliveries as shown in the table below:

		Three Months Ended September 30, 2015 Episodes	Hours			Three Months Ended September 30, 2014 Episodes	Hours
Casual	1/2hr	9	4.5	Anger Management	1/2hr	9	4.5
Manhattan - Season 2	1hr	5	5.0	Houdini	1hr	4	4.0
Monica the Medium	1hr	10	10.0	Mad Men - Season 7	1hr	2	2.0
Nashville - Season 4	1hr	2	2.0	Manhattan - Season 1	1hr	10	10.0
Orange Is The New Black - Season 4	1hr	4	4.0	Nashville - Season 3	1hr	3	3.0
Other(1)	1/2hr & 1hr	14	7.5	Orange Is The New Black - Season 3	1hr	3	3.0
				Other(1)	1/2hr	24	12.0
		44	33.0			55	38.5

(1) Other in the three months ended September 30, 2015 includes episodes delivered for DeSean Jackson: Home Team (Season 1), Flea Market Flip (Season 6), and Guilt. Other in the three months ended September 30, 2014 includes episodes delivered for Flea Market Flip (Season 4), Partners, and Way Out West.

In addition to the titles mentioned in the table above, significant domestic television revenue was contributed in the three months ended September 30, 2015 from Family Feud (Season 8), The Wendy Williams Show (Season 6), Celebrity Name Game, and Anger Management, and in the three months ended September 30, 2014, from Are We There Yet, House of Payne, Family Feud (Season 7), Meet The Browns, and The Wendy Williams Show (Season 5).

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Television Production - International Revenue

International revenue in the three months ended September 30, 2015 decreased as compared to the three months ended September 30, 2014, primarily driven by lower revenue from Anger Management and Nashville, partially offset by an increase in revenue from Orange Is the New Black (Season 4).

Television Production - Home Entertainment Revenue

The decrease in home entertainment revenue is primarily due to a decrease in digital media revenue, largely driven by revenues from Manhattan (Season 1) in the three months ended September 30, 2014, as well as a slight decrease in packaged media revenue in the three months ended September 30, 2015 as compared to the three months ended September 30, 2014.

Direct Operating Expenses

The following table sets forth direct operating expenses by segment for the three months ended September 30, 2015 and 2014:

	Three Months Ended September 30, 2015			Three Months Ended September 30, 2014		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
	(Amounts in millions)					
Direct operating expenses						
Amortization of films and television programs	$129.3	$71.5	$200.8	$113.8	$86.5	$200.3
Participation and residual expense	55.1	32.3	87.4	59.0	42.7	101.7
Other expenses	3.4	1.2	4.6	3.9	0.5	4.4
	$187.8	$105.0	$292.8	$176.7	$129.7	$306.4
Direct operating expenses as a percentage of segment revenues	53.1 %	85.5 %	61.4 %	44.4 %	83.7 %	55.4 %

Direct operating expenses of the Motion Pictures segment of $187.8 million for the three months ended September 30, 2015 were 53.1% of motion pictures revenue, compared to $176.7 million, or 44.4% of motion pictures revenue for the three months ended September 30, 2014. The increase in direct operating expenses of $11.1 million is primarily due to higher amortization expense in the current quarter related to our theatrical slates, partially offset by lower motion pictures revenue in the three months ended September 30, 2015, as compared to the three months ended September 30, 2014. The increase in direct operating expenses as a percentage of motion pictures revenue was primarily driven by our theatrical slates, and in particular, the higher amortization rates of our Fiscal 2016 and Fiscal 2015 Theatrical Slates in the three months ended September 30, 2015, as compared to our Fiscal 2014 Slate in the three months ended September 30, 2014, which included The Hunger Games: Catching Fire and Divergent. Included in amortization expense are investment in film write-downs of approximately $7.8 million in the three months ended September 30, 2015, compared to approximately $0.6 million in the three months ended September 30, 2014. Other direct operating expenses in the three months ended September 30, 2015 and 2014 consisted primarily of foreign exchange losses.

Direct operating expenses of the Television Production segment of $105.0 million for the three months ended September 30, 2015 were 85.5% of television revenue, compared to $129.7 million, or 83.7%, of television revenue for the three months ended September 30, 2014. The decrease in direct operating expenses of $24.7 million is primarily due to a decrease in television production revenue in the three months ended September 30, 2015 as compared to the three months ended September 30, 2014. The increase in direct operating expenses as a percentage of television production revenue is primarily due to the change of the mix of titles generating revenue, compared to the three months ended September 30, 2014, including higher revenue from Manhattan and Anger Management relative to total revenue in the prior year's quarter. In addition, the increase reflects a greater number of new television programs in the three months ended September 30, 2015 compared to the three months ended September 30, 2014, which typically result in higher amortization expenses in relation to revenues initially, until there are a sufficient number of subsequent seasons ordered and episodes produced, such that revenue can be generated from syndication in domestic and international markets.

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Distribution and Marketing Expenses

The following table sets forth distribution and marketing expenses by segment for the three months ended September 30, 2015 and 2014:

	Three Months Ended September 30, 2015			Three Months Ended September 30, 2014		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
	(Amounts in millions)					
Distribution and marketing expenses						
Theatrical	$88.9	$—	$88.9	$74.9	$—	$74.9
Home Entertainment	36.0	1.6	37.6	43.9	1.6	45.5
International[(1)]	15.4	2.6	18.0	24.7	3.2	27.9
Television and Other	4.5	4.1	8.6	1.7	2.9	4.6
	$144.8	$8.3	$153.1	$145.2	$7.7	$152.9

(1) The three months ended September 30, 2014 includes certain reclassifications to be consistent with the current fiscal year classification, primarily related to Lionsgate UK.

The majority of distribution and marketing expenses relate to the Motion Pictures segment. Theatrical prints and advertising (“P&A”) in the Motion Pictures segment in the three months ended September 30, 2015 of $88.9 million increased $14.0 million, compared to $74.9 million in the three months ended September 30, 2014. The increase was primarily driven by higher P&A spending in the three months ended September 30, 2015 on our theatrical slates, as a result of a greater number of releases requiring P&A in the current quarter, including Sicario (a limited release through September 30, 2015 which was expanded to a wide release subsequent to September 30, 2015). This increase was offset partially by lower P&A spending on platform theatrical releases from our Managed Brands category, which included A Most Wanted Man in the prior year's quarter. In the three months ended September 30, 2015, approximately $18.5 million of P&A was incurred in advance for films to be released in subsequent quarters, such as The Last Witch Hunter, The Hunger Games: Mockingjay - Part 2, Love the Coopers, and Freeheld. In the three months ended September 30, 2014, approximately $13.6 million of P&A was incurred in advance for films to be released in subsequent quarters, such as Addicted, John Wick, The Hunger Games: Mockingjay Part 1, and The Divergent Series: Insurgent.

Home entertainment distribution and marketing costs on motion pictures and television product in the three months ended September 30, 2015 of $37.6 million decreased $7.9 million, or 17.4%, compared to $45.5 million in the three months ended September 30, 2014, primarily due to lower motion pictures and television production home entertainment revenue. Home entertainment distribution and marketing costs as a percentage of home entertainment revenues were 24.5% in the three months ended September 30, 2015, compared to home entertainment distribution and marketing costs as a percentage of home entertainment revenues of 27.7% in the three months ended September 30, 2014. The decrease in home entertainment distribution and marketing costs as a percentage of home entertainment revenues was primarily due to lower packaged media distribution and marketing costs relative to home entertainment revenue, and to a lesser extent, slightly higher digital media revenue relative to home entertainment revenue, as digital media generally carries lower distribution and marketing costs, in the three months ended September 30, 2015 as compared to the three months ended September 30, 2014.

International distribution and marketing expenses in the Motion Pictures segment in the three months ended September 30, 2015 of $15.4 million decreased from $24.7 million in the three months ended September 30, 2014.

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Gross Segment Contribution

Gross segment contribution is defined as segment revenue less segment direct operating and distribution and marketing expenses. The following table sets forth gross segment contribution for the three months ended September 30, 2015 and 2014:

	Three Months Ended September 30, 2015		2014		Increase (Decrease)	
	Amount	% of Segment Revenues	Amount	% of Segment Revenues	Amount	Percent
	(Amounts in millions)					
Gross segment contribution						
Motion Pictures	$21.3	6.0 %	$76.2	19.1 %	$(54.9)	(72.0)%
Television Production	9.6	7.8	17.4	11.2	(7.8)	(44.8)%
	$30.9	6.5 %	$93.6	16.9 %	$(62.7)	(67.0)%

Gross segment contribution of the Motion Pictures segment for the three months ended September 30, 2015 of $21.3 million decreased $54.9 million, or 72.0%, as compared to the three months ended September 30, 2014. The decrease in gross segment contribution and gross contribution margin of the Motion Pictures segment is primarily due to lower motion pictures revenue, and higher direct operating expenses and distribution and marketing expenses as a percentage of motion pictures revenue.

Gross segment contribution of the Television Production segment for the three months ended September 30, 2015 of $9.6 million decreased $7.8 million, as compared to $17.4 million for the three months ended September 30, 2014. The decrease in gross segment contribution and gross contribution margin of the Television Production segment is due to a decrease in television production revenue, higher direct operating expenses as a percentage of television production revenue, and slightly higher distribution and marketing expenses as a percentage of television production revenue.

General and Administrative Expenses

The following table sets forth general and administrative expenses by segment for the three months ended September 30, 2015 and 2014:

	Three Months Ended September 30, 2015	2014	Increase (Decrease) Amount	Percent
	(Amounts in millions)			
General and administrative expenses				
Motion Pictures	$18.8	$18.2	$0.6	3.3 %
Television Production	4.5	3.5	1.0	28.6 %
Shared services and corporate expenses, excluding items below	22.3	21.1	1.2	5.7 %
General and administrative expenses before items below:	45.6	42.8	2.8	6.5 %
Share-based compensation expense	17.4	17.3	0.1	0.6 %
Restructuring and other items	4.6	1.4	3.2	228.6 %
Total general and administrative expenses	$67.6	$61.5	$6.1	9.9 %
	14.2 %	11.1 %		

Total general and administrative expenses as a percentage of revenue		
General and administrative expenses excluding share-based compensation expense, restructuring and other items, as a percentage of revenue	9.6 %	7.7 %

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Total General and Administrative Expenses

General and administrative expenses increased by $6.1 million, or 9.9%, as reflected in the table above and further discussed below.

General and administrative expenses of the Motion Pictures segment increased $0.6 million, or 3.3% primarily due to increases in salaries and related expenses.

General and administrative expenses of the Television Production segment increased $1.0 million, or 28.6% primarily due to increases in salaries and related expenses associated with the reorganization of our international sales operations.

Shared services and corporate expenses excluding share-based compensation expense, restructuring and other items increased $1.2 million, or 5.7%, primarily due to increases in professional fees and other shared services and corporate expenses including rent and facilities costs, partially offset by a decrease in incentive compensation.

Share-Based Compensation Expense. The following table sets forth share-based compensation expense included in shared services and corporate expenses for the three months ended September 30, 2015 and 2014:

	Three Months Ended September 30,		Increase (Decrease)	
	2015	2014	Amount	Percent
	(Amounts in millions)			
Share-based compensation expense:				
Stock options	$10.3	$9.3	$1.0	10.8 %
Restricted share units and other share-based compensation	7.1	7.0	0.1	1.4 %
Share appreciation rights	—	1.0	(1.0)	(100.0)%
	$17.4	$17.3	$0.1	0.6 %

Restructuring and Other Items. Restructuring and other items include restructuring and severance costs, certain unusual items, and certain transaction related costs, when applicable. Amounts in the three months ended September 30, 2015 represent pension withdrawal costs of $2.7 million related to an underfunded multi-employer pension plan that we are no longer participating in, professional fees associated with certain strategic transactions, and $0.4 million of costs associated with our direct to consumer subscription video-on-demand platforms. Amounts in the three months ended September 30, 2014 primarily consist of costs related to the move of our international sales and distribution organization to the United Kingdom.

Depreciation, Amortization and Other Expenses (Income)

Depreciation and amortization was $2.5 million in the three months ended September 30, 2015, compared to $1.6 million in the three months ended September 30, 2014.

Interest expense of $12.6 million for the three months ended September 30, 2015 decreased $0.5 million, or 3.8%, from $13.1 million in the three months ended September 30, 2014. The following table sets forth the components of interest expense for the three months ended September 30, 2015 and 2014:

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	Three Months Ended September 30,	
	2015	2014
	(Amounts in millions)	
Interest Expense		
Cash Based:		
Senior revolving credit facility	$0.9	$1.8
Convertible senior subordinated notes	0.6	1.0
5.25% Senior Notes	3.0	3.0
Term Loans	5.1	2.9
Other	0.7	0.9
	10.3	9.6
Non-Cash Based:		
Amortization of discount and deferred financing costs	2.3	3.5
	$12.6	$13.1

Interest and other income was $0.6 million in the three months ended September 30, 2015, compared to $0.5 million in the three months ended September 30, 2014.

The following table represents our portion of the income or (loss) of our equity method investees based on our percentage ownership for the three months ended September 30, 2015 and 2014:

	September 30, 2015 Ownership Percentage	Three Months Ended September 30,	
		2015	2014
		(Amounts in millions)	
EPIX[(1)]	31.2%	$8.2	$7.7
Pop[(1)]	50.0%	1.0	(1.3)
Other Equity Method Investments	Various	(2.1)	1.8
		$7.1	$8.2

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(1) We license certain of our theatrical releases and other films and television programs to EPIX and Pop. A portion of the profits of these licenses reflecting our ownership share in the venture is eliminated through an adjustment to the equity interest income (loss) of the venture. These profits are recognized as they are realized by the venture (see Note 3 to our unaudited condensed consolidated financial statements).

Loss on Extinguishment of Debt

Loss on extinguishment of debt was $0.6 million for the three months ended September 30, 2014, with no comparable loss in the three months ended September 30, 2015.

Income Tax Provision (Benefit)

We had an income tax benefit of $2.1 million, or 4.9%, of loss before income taxes (i.e., effective rate) in the three months ended September 30, 2015, compared to an expense of $4.8 million, or 18.9%, of income before income taxes in the three months ended September 30, 2014. The decrease in our effective tax rate in the three months ended September 30, 2015 as compared to the three months ended September 30, 2014 reflects the decline in pre-tax income in certain jurisdictions and the implementation of business and financing strategies in and among our operations in the various tax jurisdictions in which we operate.

Our effective tax rate differs from the federal statutory rate and has changed from the prior period and could fluctuate significantly in the future, as our effective tax rates are affected by many factors, including the overall level of pre-tax income, the mix of pre-tax income generated across the various jurisdictions in which we operate, changes in tax laws and regulations in those jurisdictions, changes in valuation allowances on our deferred tax assets, tax planning strategies available to us and other discrete items.

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We expect that with the utilization of our net operating loss carryforwards and other tax attributes, our cash tax requirements will not increase significantly in fiscal 2016 as compared to fiscal 2015.

Net Income (Loss)

Net loss for the three months ended September 30, 2015 was $42.1 million, or basic and diluted net loss per common share of $0.28 on 148.3 million weighted average common shares outstanding. This compares to net income for the three months ended September 30, 2014 of $20.8 million, or basic net income per common share of $0.15 on 137.4 million weighted average common shares outstanding and diluted net income per common share of $0.15 on 146.7 million weighted average common shares outstanding.

Six Months Ended September 30, 2015 Compared to Six Months Ended September 30, 2014

The following table sets forth segment information by business unit, and as a percentage of segment revenues, for the six months ended September 30, 2015 and 2014:

	Six Months Ended September 30, 2015			2014			Increase (Decrease)				
	Amount	% of Segment Revenues		Amount	% of Segment Revenues		Amount		Percent		
	(Amounts in millions)										
Segment revenues[1]											
Motion Pictures	$629.3			$729.9			$(100.6	)	(13.8	)%	
Television Production	256.4			272.3			(15.9	)	(5.8	)%	
	$885.7			$1,002.2			$(116.5	)	(11.6	)%	
Direct operating expenses											
Motion Pictures	$317.2	50.4	%	$323.9	44.4	%	$(6.7	)	(2.1	)%	
Television Production	205.9	80.3		221.4	81.3		(15.5	)	(7.0	)%	
	$523.1	59.1	%	$545.3	54.4	%	$(22.2	)	(4.1	)%	
Distribution and marketing											
Motion Pictures	$207.4	33.0	%	$233.8	32.0	%	$(26.4	)	(11.3	)%	
Television Production	17.7	6.9		16.4	6.0		1.3		7.9	%	
	$225.1	25.4	%	$250.2	25.0	%	$(25.1	)	(10.0	)%	
Gross segment contribution											
Motion Pictures	$104.8	16.7	%	$172.3	23.6	%	$(67.5	)	(39.2	)%	
Television Production	32.7	12.8		34.5	12.7		(1.8	)	(5.2	)%	
	$137.5	15.5	%	$206.8	20.6	%	$(69.3	)	(33.5	)%	

(1) A significant component of revenue comes from home entertainment. The following table sets forth total home entertainment revenue for both the Motion Pictures and Television Production reporting segments for the six months ended September 30, 2015 and 2014:

	Six Months Ended September 30, 2015	2014	Increase (Decrease) Amount		Percent	
		(Amounts in millions)				
Home Entertainment Revenue						
Motion Pictures	$262.4	$287.1	$(24.7	)	(8.6	)%
Television Production	20.5	18.2	2.3		12.6	%

	$282.9	$305.3	$(22.4)	(7.3)%

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Motion Pictures Revenue

The table below sets forth the components of revenue and the changes in these components for the motion pictures reporting segment for the six months ended September 30, 2015 and 2014.

	Six Months Ended September 30,		Increase (Decrease)	
	2015	2014	Amount	Percent
	(Amounts in millions)			
Motion Pictures				
Theatrical	$49.4	$87.6	$(38.2)	(43.6)%
Home Entertainment	262.4	287.1	(24.7)	(8.6)%
Television	108.3	128.2	(19.9)	(15.5)%
International[(1)]	192.6	203.6	(11.0)	(5.4)%
Other	16.6	23.4	(6.8)	(29.1)%
	$629.3	$729.9	$(100.6)	(13.8)%

(1) The six months ended September 30, 2014 includes a reclassification of Lionsgate UK (previously presented separately) amounting to $67.3 million to the International line item, in order to be consistent with the current fiscal year classification.

Motion Pictures — Theatrical Revenue

The following table sets forth the titles released from our Fiscal 2016 and Fiscal 2015 Theatrical Slates and titles released in other product categories that represented a significant portion of revenue for the six months ended September 30, 2015 and 2014, respectively:

Six Months Ended September 30,			
2015		2014	
	Theatrical Release Date		Theatrical Release Date
Fiscal 2016 Theatrical Slate:		Fiscal 2015 Theatrical Slate:	
Sicario*	September 2015*	The Expendables 3	August 2014
Shaun the Sheep Movie	August 2015	Step Up All In	August 2014
American Ultra	August 2015	The Quiet Ones	April 2014
The Age of Adaline	April 2015	Draft Day	April 2014
Child 44**	April 2015**		
Fiscal 2015 Theatrical Slate:		Fiscal 2014 Theatrical Slate:	
The Divergent Series: Insurgent	March 2015	Divergent	March 2014
Managed Brands[(1)]:		Managed Brands[(1)]:	
Love & Mercy	June 2015	A Most Wanted Man	August 2014
Other Feature Film[(2)]:		Other Feature Film[(2)]:	
Un Gallo Con Muchos Huevos	September 2015	Cantinflas	August 2014

* Initially a limited release through September 30, 2015.

** Limited release.

(1) Managed Brands represents Direct-to-DVD motion pictures, acquired and licensed brands, third-party library product and ancillary-driven platform theatrical releases.

(2) Other Feature Film includes certain specialty theatrical releases and other titles.

Theatrical revenue of $49.4 million decreased $38.2 million, or 43.6%, in the six months ended September 30, 2015, as compared to the six months ended September 30, 2014, primarily due to the performance of our theatrical slate titles, and a slight decrease in revenue from the titles released from our Managed Brands product category (as listed in the table above). In particular, the decrease in theatrical revenue from our theatrical slates was primarily due to the initial limited release of Sicario

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through September 30, 2015, which was expanded subsequent to September 30, 2015, the limited release of Child 44, lower box office generated from The Divergent Series: Insurgent as compared to Divergent in the prior year's period, and while The Age of Adaline had a strong performance at the box office, under the terms of our distribution arrangement, we record only our distribution fee as theatrical revenue.

Motion Pictures — Home Entertainment Revenue

The following table sets forth the titles released on home entertainment from our theatrical slates in the six months ended September 30, 2015 and 2014, in addition to titles from our theatrical slates and other product categories which contributed a significant amount of revenue in the current and prior year's period, respectively:

Six Months Ended September 30,			
2015		2014	
	Packaged Media Release Date		Packaged Media Release Date
Fiscal 2016 Theatrical Slate:		Fiscal 2015 Theatrical Slate:	
Age of Adaline	September 2015	Draft Day	September 2014
Child 44	August 2015	The Quiet Ones	August 2014
Fiscal 2015 Theatrical Slate:		Fiscal 2014 Theatrical Slate:	
The Divergent Series: Insurgent	August 2015	Divergent	August 2014
The DUFF	June 2015	The Single Mom's Club	July 2014
Mortdecai	May 2015	I, Frankenstein	May 2014
The Hunger Games: Mockingjay - Part 1	March 2015	The Legend of Hercules	April 2014
John Wick	February 2015	The Hunger Games: Catching Fire	March 2014
		Ender's Game	February 2014
		Escape Plan	February 2014
Managed Brands:		Managed Brands:	
Ex Machina	July 2015	Joe	June 2014
Maggie	July 2015	All Is Lost	February 2014
Last Knights	June 2015		

The following table sets forth the components of home entertainment revenue by product category for the six months ended September 30, 2015 and 2014:

	Six Months Ended September 30,						
	2015			2014			Total
	Packaged Media	Digital Media[(1)]	Total	Packaged Media	Digital Media[(1)]	Total	Increase (Decrease)
			(Amounts in millions)				
Home entertainment revenues							
Fiscal 2016 Theatrical Slate	$10.2	$1.3	$11.5	$—	$—	$—	$11.5
Fiscal 2015 Theatrical Slate	48.8	52.8	101.6	11.6	1.9	13.5	88.1
Fiscal 2014 Theatrical Slate	7.1	4.3	11.4	71.7	65.1	136.8	(125.4)
Prior Theatrical Slates	12.9	12.2	25.1	17.8	10.3	28.1	(3.0)
Total Theatrical Slates	79.0	70.6	149.6	101.1	77.3	178.4	(28.8)
Managed Brands	70.2	35.9	106.1	68.8	31.3	100.1	6.0
Other Feature Film	4.5	2.2	6.7	4.5	4.1	8.6	(1.9)
	$153.7	$108.7	$262.4	$174.4	$112.7	$287.1	$(24.7)

(1)

Digital media revenue consists of revenues generated from pay-per-view and video-on-demand platforms, EST, and digital rental.

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Home entertainment revenue of $262.4 million decreased $24.7 million, or 8.6%, in the six months ended September 30, 2015, as compared to the six months ended September 30, 2014. The decrease was primarily driven by our theatrical slates, due to lower revenue generated by the titles released on packaged media from our smaller Fiscal 2015 Theatrical Slate in the six months ended September 30, 2015 (as listed in the table above), compared to the revenue from the titles released on packaged media from our Fiscal 2014 Theatrical Slate in the six months ended September 30, 2014 (as listed in the table above). Additionally, Other Feature Film decreased $1.9 million in the six months ended September 30, 2015, as compared to the six months ended September 30, 2014. These decreases were offset in part by an increase in Managed Brands revenue of $6.0 million, driven by the titles listed in the table above.

Motion Pictures — Television Revenue

The following table sets forth the titles contributing significant motion pictures television revenue for the six months ended September 30, 2015 and 2014:

Six Months Ended September 30,	
2015	2014
Fiscal 2015 Theatrical Slate:	Fiscal 2014 Theatrical Slate:
John Wick	Ender's Game
The Expendables 3	Escape Plan
The Hunger Games: Mockingjay - Part 1	Red 2
Fiscal 2014 Theatrical Slate:	The Hunger Games: Catching Fire
Now You See Me	The Legend of Hercules
Prior Theatrical Slates:	Prior Theatrical Slates:
The Twilight Saga: Breaking Dawn - Part 2	The Twilight Saga: Breaking Dawn - Part 1
Managed Brands:	
Kevin Hart: Let Me Explain	

The following table sets forth the components of television revenue by product category for the six months ended September 30, 2015 and 2014:

	Six Months Ended September 30,		Increase (Decrease)	
	2015	2014	Amount	Percent
	(Amounts in millions)			
Television revenues				
Fiscal 2015 Theatrical Slate	$38.4	$—	$38.4	n/m
Fiscal 2014 Theatrical Slate	5.4	66.8	(61.4)	(91.9)%
Prior Theatrical Slates	45.4	47.2	(1.8)	(3.8)%
Total Theatrical Slates	89.2	114.0	(24.8)	(21.8)%
Managed Brands	17.1	13.0	4.1	31.5%
Other Feature Film	2.0	1.2	0.8	66.7%
	$108.3	$128.2	$(19.9)	(15.5)%

n/m- Percentage not meaningful

Television revenue decreased in the six months ended September 30, 2015, as compared to the six months ended September 30, 2014, due primarily to the fewer number of titles with television windows opening in the period from our smaller Fiscal 2015 Theatrical Slate as compared to our Fiscal 2014 Theatrical Slate, and the lower revenue generated from those titles. This decrease was offset partially by higher revenue from titles with television windows opening in the period from our Managed Brands product category (as listed in the table above).

Motion Pictures — International Revenue

The following table sets forth the titles contributing significant motion pictures international revenue for the six months ended September 30, 2015 and 2014:

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Six Months Ended September 30,	
2015	2014
Fiscal 2016 Theatrical Slate:	Fiscal 2015 Theatrical Slate:
Child 44	Step Up All In
Fiscal 2015 Theatrical Slate:	Fiscal 2014 Theatrical Slate:
Mortdecai	Divergent
The Divergent Series: Insurgent	The Hunger Games: Catching Fire
The Hunger Games: Mockingjay - Part 1	
UK Third Party Product:	Prior Theatrical Slates:
A Little Chaos	The Hunger Games
	The Twilight Saga: Breaking Dawn - Part 1
	The Twilight Saga: Breaking Dawn - Part 2

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The following table sets forth the components of international revenue by product category for the six months ended September 30, 2015 and 2014:

	Six Months Ended September 30,		Increase (Decrease)	
	2015	2014	Amount	Percent
	(Amounts in millions)			
International revenues[1]				
Fiscal 2016 Theatrical Slate	$35.4	$—	$35.4	n/m
Fiscal 2015 Theatrical Slate	82.9	15.1	67.8	449.0%
Fiscal 2014 Theatrical Slate	4.5	86.9	(82.4)	(94.8)%
Prior Theatrical Slates	21.0	49.5	(28.5)	(57.6)%
Total Theatrical Slates	143.8	151.5	(7.7)	(5.1)%
UK Third Party Product[2]	33.1	28.6	4.5	15.7%
Managed Brands	8.7	11.7	(3.0)	(25.6)%
Other Feature Film	7.0	11.8	(4.8)	(40.7)%
	$192.6	$203.6	$(11.0)	(5.4)%

n/m - Percentage not meaningful.

(1) Certain amounts in the prior year's quarter have been reclassified between product types in order to be consistent with the current period classification. Specifically, Lionsgate UK revenues in the six months ended September 30, 2014 of $67.3 million, which were previously separately presented, have been combined within our international revenue product categories.

(2) UK Third Party Product represents titles acquired separately for self-distribution in the U.K. territory.

International motion pictures revenue decreased in the six months ended September 30, 2015, as compared to the six months ended September 30, 2014, primarily due to lower revenue from our Prior Theatrical Slates category, which included significant contributions from The Hunger Games, The Twilight Saga: Breaking Dawn - Part 1 and The Twilight Saga: Breaking Dawn - Part 2 in the prior year's period. These decreases were offset partially by a higher contribution from our Fiscal 2016 Theatrical Slate driven by Child 44 in the six months ended September 30, 2015, as compared to the revenue generated by our Fiscal 2015 Theatrical Slate in the six months ended September 30, 2014.
Motion Pictures — Other Revenue

Other revenue included in motion pictures revenue decreased in the six months ended September 30, 2015, as compared to the six months ended September 30, 2014, primarily due to a licensing arrangement made in the prior year's period.

Television Production Revenue

The following table sets forth the components and the changes in the components of revenue that make up television production revenue for the six months ended September 30, 2015 and 2014:

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	Six Months Ended September 30,		Increase (Decrease)	
	2015	2014	Amount	Percent
Television Production	(Amounts in millions)			
Domestic Television	$146.9	$182.4	$(35.5)	(19.5)%
International	85.8	68.1	17.7	26.0%
Home Entertainment Revenue				
Digital	15.6	12.6	3.0	23.8%
Packaged Media	4.9	5.6	(0.7)	(12.5)%
Total Home Entertainment Revenue	20.5	18.2	2.3	12.6%
Other	3.2	3.6	(0.4)	(11.1)%
	$256.4	$272.3	$(15.9)	(5.8)%

Television Production - Domestic Television

Domestic television revenue decreased in the six months ended September 30, 2015, as compared to the six months ended September 30, 2014, primarily due to a decrease in television episodes delivered in the six months ended September 30, 2015, as compared to the six months ended September 30, 2014. Television episodes delivered for original exhibition during the six months ended September 30, 2015 and 2014 included the episode deliveries as shown in the table below:

		Six Months Ended September 30, 2015				Six Months Ended September 30, 2014	
		Episodes	Hours			Episodes	Hours
Casual	1/2hr	10	5.0	Anger Management	1/2hr	20	10.0
Manhattan - Season 2	1hr	5	5.0	Houdini	1hr	4	4.0
Monica the Medium	1hr	10	10.0	Mad Men - Season 7	1hr	6	6.0
Nashville - Season 3	1hr	5	5.0	Manhattan - Season 1	1hr	11	11.0
Nashville - Season 4	1hr	2	2.0	Nashville - Season 2	1hr	3	3.0
Orange Is The New Black - Season 3	1hr	1	1.0	Nashville - Season 3	1hr	3	3.0
Orange Is The New Black - Season 4	1hr	4	4.0	Orange Is The New Black - Season 3	1hr	3	3.0
Other[1]	1/2hr & 1hr	25	16.0	Rosemary's Baby	1hr	4	4.0
				Other[1]	1/2hr & 1hr	32	16.0
		62	48.0			86	60.0

(1) Other in the six months ended September 30, 2015 includes episodes delivered for Cuckoo, Deadbeat (Season 2), Deion's Family Playbook, DeSean Jackson: Home Team (Season 1), Flea Market Flip (Season 6), and Guilt. Other in the six months ended September 30, 2014 includes episodes delivered for Deal With It (Season 2), Flea Market Flip (Season 4), Partners, and Way Out West.

In addition to the titles mentioned in the table above, significant domestic television revenue was contributed in the six months ended September 30, 2015 from Family Feud (Season 8), The Wendy Williams Show (Season 6), Celebrity Name Game, and Anger Management, and in the six months ended September 30, 2014, from Family Feud (Season 7), The Wendy Williams Show (Season 5), Are We There Yet, House of Payne, and Meet The Browns.

Television Production - International Revenue

International revenue in the six months ended September 30, 2015 increased as compared to the six months ended September 30, 2014, primarily driven by a significant contribution of revenue from Orange Is The New Black (Seasons 1, 2, 3 & 4) in the six months ended September 30, 2015, partially offset by decreases in revenues from Anger Management, Mad Men, and to a lesser extent, Nashville.

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Television Production - Home Entertainment Revenue

The increase in home entertainment revenue is primarily due to an increase in digital media revenue, largely driven by revenues from Blue Mountain State (Seasons 1,2 & 3), Ascension, and Mad Men (Season 7), offset partially by a slight decrease in packaged media revenue in the six months ended September 30, 2015 as compared to the six months ended September 30, 2014.

Direct Operating Expenses

The following table sets forth direct operating expenses by segment for the six months ended September 30, 2015 and 2014:

	Six Months Ended September 30, 2015			Six Months Ended September 30, 2014		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
	(Amounts in millions)					
Direct operating expenses						
Amortization of films and television programs	$221.0	$140.3	$361.3	$207.1	$152.0	$359.1
Participation and residual expense	96.0	63.6	159.6	115.2	69.4	184.6
Other expenses	0.2	2.0	2.2	1.6	—	1.6
	$317.2	$205.9	$523.1	$323.9	$221.4	$545.3
Direct operating expenses as a percentage of segment revenues	50.4 %	80.3 %	59.1 %	44.4 %	81.3 %	54.4 %

Direct operating expenses of the Motion Pictures segment of $317.2 million for the six months ended September 30, 2015 were 50.4% of motion pictures revenue, compared to $323.9 million, or 44.4% of motion pictures revenue for the six months ended September 30, 2014. The decrease in direct operating expenses of $6.7 million is primarily due to a decrease in motion pictures revenue in the six months ended September 30, 2015, as compared to the six months ended September 30, 2014, offset partially by higher amortization expense for the current period related to our theatrical slates. The increase in direct operating expenses as a percentage of motion pictures revenue was primarily driven by our theatrical slates, and in particular, the higher amortization rates of our Fiscal 2016 and Fiscal 2015 Theatrical Slates in the six months ended September 30, 2015, as compared to our Fiscal 2014 Theatrical Slate in the six months ended September 30, 2014, which included The Hunger Games: Catching Fire and Divergent. Included in amortization expense is investment in film write-downs of approximately $8.5 million in the six months ended September 30, 2015, compared to approximately $3.4 million in the six months ended September 30, 2014. Other direct operating expenses in the six months ended September 30, 2015 and 2014 consisted primarily of foreign exchange losses.

Direct operating expenses of the Television Production segment of $205.9 million for the six months ended September 30, 2015 were 80.3% of television revenue, compared to $221.4 million, or 81.3%, of television revenue for the six months ended September 30, 2014. The decrease in direct operating expenses of $15.5 million is primarily due to a decrease in television production revenue in the six months ended September 30, 2015, as compared to the six months ended September 30, 2014. Direct operating expenses as a percentage of television production revenue decreased slightly in the six months ended September 30, 2015, as compared to the six months ended September 30, 2014, due to the change of the mix of titles generating revenue.

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Distribution and Marketing Expenses
The following table sets forth distribution and marketing expenses by segment for the six months ended September 30, 2015 and 2014:

	Six Months Ended September 30, 2015			Six Months Ended September 30, 2014		
	Motion Pictures	Television Production	Total	Motion Pictures	Television Production	Total
	(Amounts in millions)					
Distribution and marketing expenses						
Theatrical	$111.7	$—	$111.7	$112.9	$—	$112.9
Home Entertainment	60.7	3.3	64.0	74.5	3.2	77.7
International[(1)]	27.5	7.5	35.0	43.0	6.1	49.1
Television and Other	7.5	6.9	14.4	3.4	7.1	10.5
	$207.4	$17.7	$225.1	$233.8	$16.4	$250.2

(1) The six months ended September 30, 2014 includes certain reclassifications to be consistent with the current fiscal year classification, primarily related to Lionsgate UK.

The majority of distribution and marketing expenses relate to the Motion Pictures segment. Theatrical P&A in the Motion Pictures segment in the six months ended September 30, 2015 of $111.7 million decreased $1.2 million, compared to $112.9 million in the six months ended September 30, 2014. The slight decrease was primarily driven by lower P&A spending in the six months ended September 30, 2015 on our theatrical slates in the current period compared to the prior year's period and, to a lesser extent, lower P&A spending on platform theatrical releases from our Managed Brands category, offset partially by an increase in P&A incurred in advance for films to be released in subsequent quarters. In the six months ended September 30, 2015, approximately $24.8 million of P&A was incurred in advance for films to be released in subsequent quarters, such as The Hunger Games: Mockingjay - Part 2, The Last Witch Hunter, Love The Coopers, and Freeheld. In the six months ended September 30, 2014, approximately $17.1 million of P&A was incurred in advance for films to be released in subsequent quarters, such as Addicted, John Wick, The Hunger Games: Mockingjay Part 1, and The Divergent Series: Insurgent.

Home entertainment distribution and marketing costs on motion pictures and television product in the six months ended September 30, 2015 of $64.0 million decreased $13.7 million, or 17.6%, compared to $77.7 million in the six months ended September 30, 2014. Home entertainment distribution and marketing costs as a percentage of home entertainment revenues were 22.6% in the six months ended September 30, 2015, compared to home entertainment distribution and marketing costs as a percentage of home entertainment revenues of 25.5% in the six months ended September 30, 2014. The decrease in home entertainment distribution and marketing costs as a percentage of home entertainment revenues was primarily due to lower packaged media distribution and marketing costs relative to home entertainment revenue in the six months ended September 30, 2015 as compared to the six months ended September 30, 2014.

International distribution and marketing expenses in the motion pictures segment in the six months ended September 30, 2015 of $27.5 million decreased from $43.0 million in the six months ended September 30, 2014.

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Gross Segment Contribution

Gross segment contribution is defined as segment revenue less segment direct operating and distribution and marketing expenses. The following table sets forth gross segment contribution for the six months ended September 30, 2015 and 2014:

	Six Months Ended September 30,				Increase (Decrease)	
	2015	% of Segment Revenues	2014	% of Segment Revenues	Amount	Percent
	(Amounts in millions)					
Gross segment contribution						
Motion Pictures	$104.8	16.7 %	$172.3	23.6 %	$(67.5)	(39.2)%
Television Production	32.7	12.8	34.5	12.7	(1.8)	(5.2)%
	$137.5	15.5 %	$206.8	20.6 %	$(69.3)	(33.5)%

Gross segment contribution of the Motion Pictures segment for the six months ended September 30, 2015 of $104.8 million decreased $67.5 million, or 39.2%, as compared to the six months ended September 30, 2014. The decrease in gross segment contribution and gross contribution margin of the Motion Pictures segment is due to lower motion pictures revenue, higher direct operating expenses as a percentage of motion pictures revenue, and slightly higher distribution and marketing expenses as a percentage of motion pictures revenue.
Gross segment contribution of the Television Production segment for the six months ended September 30, 2015 of $32.7 million decreased $1.8 million, or 5.2%, as compared to the six months ended September 30, 2014. The slight decrease in gross segment contribution and gross contribution margin of the Television Production segment is due to a decrease in television production revenue and slightly higher distribution and marketing expenses as a percentage of television production revenue, offset partially by slightly lower direct operating expenses as a percentage of television production revenue.

General and Administrative Expenses
The following table sets forth general and administrative expenses by segment for the six months ended September 30, 2015 and 2014:

	Six Months Ended September 30,		Increase (Decrease)	
	2015	2014	Amount	Percent
	(Amounts in millions)			
General and administrative expenses				
Motion Pictures	$37.0	$35.6	$1.4	3.9 %
Television Production	8.9	6.9	2.0	29.0 %
Shared services and corporate expenses, excluding items below	43.5	43.2	0.3	0.7 %
General and administrative expenses before items below:	89.4	85.7	3.7	4.3 %
Share-based compensation expense	34.3	33.7	0.6	1.8 %
Restructuring and other items	4.6	6.2	(1.6)	(25.8)%
Total general and administrative expenses	$128.3	$125.6	$2.7	2.1 %
Total general and administrative expenses as a percentage of revenue	14.5 %	12.5 %		
	10.1 %	8.6 %		

General and administrative expenses excluding share-based compensation expense, restructuring and other items, as a percentage of revenue

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Total General and Administrative Expenses

General and administrative expenses were comparable to the six months ended September 30, 2014 as reflected in the table above and further discussed below.

General and administrative expenses of the Motion Pictures segment increased $1.4 million, or 3.9%, primarily due to increases in salaries and related expenses.

General and administrative expenses of the Television Production segment increased $2.0 million, or 29.0%, primarily due to increases in salaries and related expenses associated with the reorganization of our international sales operations.

Shared services and corporate expenses excluding share-based compensation expense, restructuring and other items increased $0.3 million, or 0.7%, primarily due to increases in professional fees and other shared services and corporate expenses including rent and facilities costs, partially offset by a decrease in incentive compensation.

Share-Based Compensation Expense. The following table sets forth share-based compensation expense included in shared services and corporate expenses for the six months ended September 30, 2015 and 2014:

	Six Months Ended September 30,		Increase (Decrease)	
	2015	2014	Amount	Percent
	(Amounts in millions)			
Share-based compensation expense:				
Stock options	$19.5	$18.0	$1.5	8.3%
Restricted share units and other share-based compensation	14.5	13.0	1.5	11.5%
Share appreciation rights	0.3	2.7	(2.4)	(88.9)%
	$34.3	$33.7	$0.6	1.8%

Restructuring and Other Items. Restructuring and other items include restructuring and severance costs, certain unusual items, and certain transaction related costs, when applicable. Amounts in the six months ended September 30, 2015 represent pension withdrawal costs of $2.7 million related to an underfunded multi-employer pension plan that we are no longer participating in, professional fees associated with certain strategic transactions, and $0.4 million of costs associated with our direct to consumer subscription video-on-demand platforms. Amounts in the six months ended September 30, 2014 primarily consist of severance costs associated with the integration of the marketing operations of our Lionsgate and Summit film labels and costs related to the move of our international sales and distribution organization to the United Kingdom. Approximately $1.2 million of the costs were non-cash charges resulting from the acceleration of vesting of stock awards.

Depreciation, Amortization and Other Expenses (Income)

Depreciation and amortization of $4.4 million for the six months ended September 30, 2015 increased $1.4 million from $3.0 million in the six months ended September 30, 2014.

Interest expense of $25.3 million in the six months ended September 30, 2015 decreased $0.7 million from the six months ended September 30, 2014. The following table sets forth the components of interest expense for the six months ended September 30, 2015 and 2014:

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	Six Months Ended September 30,	
	2015	2014
	(Amounts in millions)	
Interest Expense		
Cash Based:		
Senior revolving credit facility	$1.8	$3.2
Convertible senior subordinated notes	1.2	1.9
5.25% Senior Notes	5.9	5.9
Term Loans	10.0	5.7
Other	1.9	2.2
	20.8	18.9
Non-Cash Based:		
Amortization of discount and deferred financing costs	4.5	7.1
	$25.3	$26.0

Interest and other income was $1.2 million in the six months ended September 30, 2015, compared to $1.6 million in the six months ended September 30, 2014.

The following table represents our portion of the income or (loss) of our equity method investees based on our percentage ownership for the six months ended September 30, 2015 and 2014:

	September 30, 2015 Ownership Percentage	Six Months Ended September 30,	
		2015	2014
		(Amounts in millions)	
EPIX[(1)]	31.2%	$21.2	$16.2
Pop[(1)]	50.0%	0.7	(3.5)
Other Equity Method Investments[(2)]	Various	(3.4)	13.8
		$18.5	$26.5

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(1) We license certain of our theatrical releases and other films and television programs to EPIX and Pop. A portion of the profits of these licenses reflecting our ownership share in the venture is eliminated through an adjustment to the equity interest income (loss) of the venture. These profits are recognized as they are realized by the venture (see Note 3 to our unaudited condensed consolidated financial statements).

(2) On April 14, 2014, we sold all of our 34.5% interest in FEARnet, which resulted in a gain on sale of $11.4 million in the six months ended September 30, 2015 included in our Other Equity Method Investments income shown above. See Note 3 to our unaudited condensed consolidated financial statements.

Loss on Extinguishment of Debt

Loss on extinguishment of debt was $0.6 million for the six months ended September 30, 2014, with no comparable loss for the six months ended September 30, 2015.

Income Tax Provision

We had an income tax expense of $0.7 million, or (101.9)%, of loss before income taxes (i.e., effective rate) in the six months ended September 30, 2015, compared to an expense of $15.6 million, or 19.6%, of income before income taxes in the six months ended September 30, 2014. Our effective tax rate excluding certain unusual and discrete items for the six months ended September 30, 2015 was 2.5%, compared to 18.7% for the six months ended September 30,

2014. The decrease in our effective tax rate in the six months ended September 30, 2015 as compared to the six months ended September 30, 2014 reflects the decline in pre-tax income in certain jurisdictions and the implementation of business and financing strategies in and among our operations in the various tax jurisdictions in which we operate.

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Our effective tax rate differs from the federal statutory rate and has changed from the prior period and could fluctuate significantly in the future, as our effective tax rates are affected by many factors, including the overall level of pre-tax income, the mix of pre-tax income generated across the various jurisdictions in which we operate, changes in tax laws and regulations in those jurisdictions, changes in valuation allowances on our deferred tax assets, tax planning strategies available to us and other discrete items.

We expect that with the utilization of our net operating loss carryforwards and other tax attributes, our cash tax requirements will not increase significantly in fiscal 2016 as compared to fiscal 2015.

Net Income (Loss)

Net loss for the six months ended September 30, 2015 was $1.4 million, or basic and diluted net loss per common share of $0.01 on 148.0 million weighted average common shares outstanding. This compares to net income for the six months ended September 30, 2014 of $64.0 million, or basic net income per common share of $0.46 on 137.9 million weighted average common shares outstanding and diluted net income per common share of $0.44 on 151.8 million weighted average common shares outstanding.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Uses of Cash

Our liquidity and capital resources have been provided principally through cash generated from operations, corporate debt, and our production loans. Our corporate debt at September 30, 2015 primarily consisted of our senior revolving credit facility, 5.25% Senior Notes, Term Loan Due 2022, and our convertible senior subordinated notes.

Our principal uses of cash in operations include the funding of film and television productions, film rights acquisitions, and the distribution and marketing of films and television programs. We also use cash for debt service (i.e. principal and interest payments) requirements, equity or cost method investments, quarterly cash dividends, the purchase of common shares under our share repurchase program, capital expenditures, and acquisitions of businesses.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Anticipated Cash Requirements. The nature of our business is such that significant initial expenditures are required to produce, acquire, distribute and market films and television programs, while revenues from these films and television programs are earned over an extended period of time after their completion or acquisition. We believe that cash flow from operations, cash on hand, senior revolving credit facility availability, tax-efficient financing, and available production financing will be adequate to meet known operational cash, quarterly cash dividends and debt service (i.e. principal and interest payments) requirements for the foreseeable future, including the funding of future film and television production, film rights acquisitions and theatrical and video release schedules, and future equity or cost method investment funding requirements, and the purchase of common shares under our share repurchase program. We monitor our cash flow liquidity, availability, fixed charge coverage, capital base, film spending and leverage ratios with the long-term goal of maintaining our credit worthiness.

Our current financing strategy is to fund operations and to leverage investment in films and television programs through our cash flow from operations, our senior revolving credit facility, single-purpose production financing, government incentive programs, film funds, and distribution commitments. In addition, we may acquire businesses or assets, including individual films or libraries that are complementary to our business. Any such transaction could be financed through our cash flow from operations, credit facilities, equity or debt financing. If additional financing beyond our existing cash flows from operations and credit facilities cannot fund such transactions, there is no assurance that such financing will be available on terms acceptable to us. We may also dispose of businesses or assets, including individual films or libraries, and use the net proceeds from such dispositions to fund operations or such acquisitions, or to repay debt.

Share Repurchase Plan. On December 17, 2013, our Board of Directors authorized to increase our previously announced share repurchase plan from a total authorization of $150 million to $300 million. Since the December 17, 2013 increase in share repurchase authorization, through September 30, 2015, we have repurchased a total of 5.3 million common shares for an aggregate price of $144.8 million (weighted average repurchase price of $27.11 per share). As a result of these repurchases, the Company has $89.9 million of remaining capacity in its $300 million share repurchase plan as of September 30, 2015.

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Dividends. On September 15, 2015, our Board of Directors declared a quarterly cash dividend of $0.09 per common share payable on November 10, 2015, to shareholders of record as of September 30, 2015. The amount of dividends, if any, that we pay to our shareholders is determined by our Board of Directors, at its discretion, and is dependent on a number of factors, including our financial position, results of operations, cash flows, capital requirements and restrictions under our credit agreements, and shall be in compliance with applicable law. We cannot guarantee the amount of dividends paid in the future, if any.

Discussion of Operating, Investing, Financing Cash Flows
Cash and cash equivalents increased by $68.3 million for the six months ended September 30, 2015 and did not change significantly for the six months ended September 30, 2014, before foreign exchange effects on cash. Components of these changes are discussed below in more detail.
Operating Activities. Cash flows used in operating activities for the six months ended September 30, 2015 and 2014 were as follows:

	Six Months Ended September 30,		
	2015	2014	Net Change
	(Amounts in thousands)		
Operating income	$4,877	$78,252	$(73,375)
Amortization of films and television programs	361,290	359,092	2,198
Non-cash share-based compensation	33,983	33,549	434
Cash interest	(20,728)	(18,979)	(1,749)
Current income tax provision	(3,311)	(6,285)	2,974
Other non-cash charges included in operating activities	5,505	12,330	(6,825)
Cash flows from operations before changes in operating assets and liabilities	381,616	457,959	(76,343)
Changes in operating assets and liabilities:			
Accounts receivable, net	12,007	83,594	(71,587)
Investment in films and television programs	(535,470)	(639,019)	103,549
Other changes in operating assets and liabilities	(26,761)	(110,471)	83,710
Changes in operating assets and liabilities	(550,224)	(665,896)	115,672
Net Cash Flows Used In Operating Activities	$(168,608)	$(207,937)	$39,329

Cash flows used in operating activities for the six months ended September 30, 2015 were $168.6 million compared to $207.9 million for the six months ended September 30, 2014. The decrease in cash used in operating activities for the six months ended September 30, 2015 as compared to the six months ended September 30, 2014 is primarily due to decreases in investment in films and television programs production activity, lower decreases from changes in other operating assets and liabilities primarily driven by increases in participations and residuals, lower decreases in accounts payable and accrued liabilities and film obligations, partially offset by lower increases in accounts receivable and lower operating income as compared to the six months ended September 30, 2014.
Investing Activities. Cash flows used in investing activities for the six months ended September 30, 2015 and 2014 were as follows:

	Six Months Ended September 30,	
	2015	2014
	(Amounts in thousands)	
Proceeds from the sale of equity method investees	$—	$14,575
Investment in equity method investees	(3,659)	(12,650)
Purchases of property and equipment	(6,880)	(4,495)
Other investing activities	—	(2,000)

Net Cash Flows Used In Investing Activities	$(10,539)	$(4,570)

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Cash used in investing activities of $10.5 million for the six months ended September 30, 2015 compared to $4.6 million for the six months ended September 30, 2014, as reflected above. The change was primarily due to proceeds from the sale of equity method investees in the six months ended September 30, 2014, due to the sale of our interest in FEARnet, with no comparable proceeds in the six months ended September 30, 2015. This was partially offset by investments in equity method investees which decreased in the current period as compared to the prior year's period, primarily related to investments in Pop ($0.8 million in the current period compared to $10.5 million in the prior year's period) (see Note 3 to our unaudited condensed consolidated financial statements).

Financing Activities. Cash flows provided by financing activities for the six months ended September 30, 2015 and 2014 were as follows:

	Six Months Ended September 30,	
	2015	2014
	(Amounts in thousands)	
Senior revolving credit facility - borrowings	$48,000	$367,500
Senior revolving credit facility - repayments	(48,000)	(325,619)
Net proceeds from senior revolving credit facility	—	41,881
Term Loan - borrowings, net of deferred financing costs of $964	24,036	—
Convertible senior subordinated notes - repurchases	(5)	(16)
Net proceeds from corporate debt	24,031	41,865
Production loans - borrowings	370,945	385,706
Production loans - repayments	(112,474)	(65,435)
Net proceeds from production loans	258,471	320,271
Repurchase of common shares	—	(126,404)
Other financing activities	(35,093)	(23,269)
Net Cash Flows Provided By Financing Activities	$247,409	$212,463

Cash flows provided by financing activities of $247.4 million for the six months ended September 30, 2015 increased from $212.5 million for the six months ended September 30, 2014. Cash flows provided by financing activities for the six months ended September 30, 2015 primarily reflects production loan borrowings in order to fund productions and production loan repayments, and net proceeds of $24.0 million from additional borrowings under the Term Loan Due 2022, offset by cash used for other financing activities which includes dividend payments of $20.6 million and tax withholding of $19.0 million required on equity awards offset by the proceeds from the exercise of stock options. Cash flows provided by financing activities for the six months ended September 30, 2014 primarily reflects net borrowings under production loans of $320.3 million, and net proceeds from our senior revolving credit facility of $41.9 million, offset by cash used for share repurchases and other financing activities which includes dividend payments and tax withholding required on equity awards.

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Corporate Debt

See Note 5 to our unaudited condensed consolidated financial statements for a discussion of our corporate debt. The principal amounts outstanding under our corporate debt as of September 30, 2015 and March 31, 2015 were as follows:

	Maturity Date	Conversion Price Per Share as of September 30, 2015	Principal Amounts Outstanding September 30, 2015	March 31, 2015
			(Amounts in thousands)	
Senior revolving credit facility[1]	September 2017	N/A	$—	$—
5.25% Senior Notes[2]	August 2018	N/A	225,000	225,000
Term Loan Due 2022[3]	March 2022	N/A	400,000	375,000
Principal amounts of convertible senior subordinated notes				
April 2009 3.625% Notes	N/A	N/A	—	16,167
January 2012 4.00% Notes	January 2017	$10.33	41,850	41,850
April 2013 1.25% Notes	April 2018	$29.52	60,000	60,000
			$726,850	$718,017

(1) Senior Revolving Credit Facility: The senior revolving credit facility provides for borrowings up to $800.0 million, limited by a borrowing base and also reduced by outstanding letters of credit, if any. At September 30, 2015, there was $800.0 million available (March 31, 2015 — $800.0 million). Interest is payable at an alternative base rate, as defined, plus 1.5% or LIBOR plus 2.5% as designated by us. We are required to pay a quarterly commitment fee of 0.375% to 0.5% per annum on our unused capacity for the period. Obligations are secured by collateral (as defined in the credit agreement) granted by us and certain of our subsidiaries, as well as a pledge of equity interests in certain of our subsidiaries. The senior revolving credit facility contains a number of covenants, and as of September 30, 2015, we were in compliance with all applicable covenants.

(2) 5.25% Senior Notes: The 5.25% Senior Notes contain a number of certain restrictions and covenants, and as of September 30, 2015, we were in compliance with all applicable covenants. Interest is payable semi-annually on February 1 and August 1 of each year at a rate of 5.25% per year.

(3) Term Loan Due 2022: The Term Loan Due 2022 contains a number of certain restrictions and covenants, and as of September 30, 2015, we were in compliance with all applicable covenants. Interest is payable on the last business day of each April, July, October and January at a rate of 5.00% per year.

Convertible Senior Subordinated Notes Conversions. During the six months ended September 30, 2015 and 2014, there were various conversions of our convertible senior subordinated notes. The table below summarizes the total principal amount converted, common shares issued upon conversion and weighted average conversion price per share (see Note 5 to our unaudited condensed consolidated financial statements for detailed information by debt instrument):

	Six Months Ended September 30, 2015	2014
	(Amounts in thousands, except share amounts)	
Principal amount converted	$16,162	$11,350
Common shares issued upon conversion	1,983,058	1,379,029
Weighted average conversion price per share	$8.15	$8.23

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Production Loans

The amounts outstanding under our production loans as of September 30, 2015, and March 31, 2015 were as follows:

	September 30, 2015	March 31, 2015
	(Amounts in thousands)	
Production loans[(1)]	$859,415	$600,944

(1) Represents individual loans for the production of film and television programs that we produce. Production loans have contractual repayment dates either at or near the expected film or television program completion date, with the exception of certain loans containing repayment dates on a longer term basis, and incur interest at rates ranging from 3.33% to 3.58%.

Table of Debt and Contractual Commitments

The following table sets forth our future annual repayment of debt, and our contractual commitments as of September 30, 2015:

	Six Months Ended March 31,	Year Ended March 31,					
	2016	2017	2018	2019	2020	Thereafter	Total
			(Amounts in thousands)				
Future annual repayment of debt recorded as of September 30, 2015 (on-balance sheet arrangements)							
Senior revolving credit facility	$—	$—	$—	$—	$—	$—	$—
5.25% Senior Notes	—	—	—	225,000	—	—	225,000
Term Loan Due 2022	—	—	—	—	—	400,000	400,000
Film obligations and production loans[(1)]	269,530	631,738	2,000	1,000	—	—	904,268
Principal amounts of convertible senior subordinated notes	—	41,850	—	60,000	—	—	101,850
	269,530	673,588	2,000	286,000	—	400,000	1,631,118
Contractual commitments by expected repayment date (off-balance sheet arrangements)							
Film obligation and production loan commitments[(2)]	183,084	114,642	58,757	—	—	—	356,483
Interest payments[(3)]	23,025	34,237	32,563	26,281	20,000	42,444	178,550
Operating lease commitments	6,491	12,743	12,516	12,861	13,203	48,241	106,055
Other contractual obligations	42,415	44,754	21,689	6,763	796	—	116,417
	255,015	206,376	125,525	45,905	33,999	90,685	757,505
Total future commitments under contractual obligations	$524,545	$879,964	$127,525	$331,905	$33,999	$490,685	$2,388,623

(1)

Film obligations include minimum guarantees and theatrical marketing obligations. Production loans represent loans for the production of film and television programs that we produce. Repayment dates are based on anticipated delivery or release date of the related film or contractual due dates of the obligation.

(2) Film obligation commitments include distribution and marketing commitments and minimum guarantee commitments. Distribution and marketing commitments represent contractual commitments for future expenditures associated with distribution and marketing of films which we will distribute. The payment dates of these amounts are primarily based on the anticipated release date of the film. Minimum guarantee commitments represent contractual commitments related to the purchase of film rights for pictures to be delivered in the future. Production loan commitments represent amounts committed for future film production and development to be funded through production financing and recorded as a production loan liability when incurred. Future payments under these commitments are based on anticipated delivery or

release dates of the related film or contractual due dates of the commitment. The amounts include future interest payments associated with the commitment.

(3) Includes cash interest payments on our corporate debt, excluding the interest payments on the senior revolving credit facility as future amounts are not fixed or determinable due to fluctuating balances and interest rates.

Theatrical Slate Participation

On March 10, 2015, we entered into a theatrical slate participation arrangement with TIK Films (U.S.), Inc. and TIK Films (Hong Kong) Limited (collectively, "TIK Films"), both wholly owned subsidiaries of Hunan TV & Broadcast Intermediary Co. Ltd. Under the arrangement, TIK Films, in general and subject to certain limitations including per picture and annual caps, will contribute a minority share of 25% of our production or acquisition costs of “qualifying” theatrical feature films, released during the three-year period ending January 23, 2018, and participate in a pro-rata portion of the pictures’ net profits or losses similar to a co-production arrangement based on the portion of costs funded. The arrangement excludes among others, any theatrical feature film incorporating any elements from the Twilight, Hunger Games, or Divergent franchises. The percentage of the contribution could vary on certain pictures.

Amounts provided from TIK Films are reflected as a participation liability in our consolidated balance sheet and amounted to $24.7 million at September 30, 2015 (March 31, 2015 - $13.6 million). The difference between the ultimate participation expected to be paid to TIK Films and the amount provided by TIK Films is amortized as a charge to or a reduction of participation expense under the individual-film-forecast method.

Filmed Entertainment Backlog

Backlog represents the amount of future revenue not yet recorded from contracts for the licensing of films and television product for television exhibition and in international markets. Backlog at September 30, 2015 and March 31, 2015 was $1.2 billion and $1.1 billion, respectively.

Off-Balance Sheet Arrangements

We do not have any transactions, arrangements and other relationships with unconsolidated entities that will affect our liquidity or capital resources. We have no special purpose entities that provided off-balance sheet financing, liquidity or market or credit risk support, nor do we engage in leasing, hedging or research and development services, that could expose us to liability that is not reflected on the face of our consolidated financial statements. Our commitments to fund operating leases, minimum guarantees, production loans, equity method investment funding requirements and all other contractual commitments not reflected on the face of our consolidated financial statements are presented in the table above.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Currency and Interest Rate Risk Management

Market risks relating to our operations result primarily from changes in interest rates and changes in foreign currency exchange rates. Our exposure to interest rate risk results from the financial debt instruments that arise from transactions entered into during the normal course of business. As part of our overall risk management program, we evaluate and manage our exposure to changes in interest rates and currency exchange risks on an ongoing basis. Hedges and derivative financial instruments will be used in the future in order to manage our interest rate and currency exposure. We have no intention of entering into financial derivative contracts, other than to hedge a specific financial risk.

Currency Rate Risk. We enter into forward foreign exchange contracts to hedge our foreign currency exposures on future production expenses denominated in various foreign currencies. As of September 30, 2015, we had the following outstanding forward foreign exchange contracts (all outstanding contracts have maturities of less than 14 months from September 30, 2015):

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September 30, 2015

Foreign Currency	Foreign Currency Amount		US Dollar Amount	Weighted Average Exchange Rate Per $1 USD
	(Amounts in millions)		(Amounts in millions)	
British Pound Sterling	£2.0	in exchange for	$3.4	£0.58
Australian Dollar	A$56.8	in exchange for	$50.6	A$1.12
Euro	€1.5	in exchange for	$1.7	€0.93
Canadian Dollar	C$59.8	in exchange for	$45.6	C$1.31

Changes in the fair value representing a net unrealized fair value gain on foreign exchange contracts that qualified as effective hedge contracts outstanding during the three and six months ended September 30, 2015 were gains, net of tax, of $3.0 million and $3.0 million, respectively (2014 - gains, net of tax, of $1.2 million and $0.4 million, respectively), and are included in accumulated other comprehensive income (loss), a separate component of shareholders' equity. Changes in the fair value representing a net unrealized fair value gain on foreign exchange contracts that did not qualify as effective hedge contracts outstanding during the three and six months ended September 30, 2015 were nil and $0.1 million, respectively (three and six months ended September 30, 2014 - $0.4 million) and are included in direct operating expenses in the consolidated statements of operations. These contracts are entered into with major financial institutions as counterparties. We are exposed to credit loss in the event of nonperformance by the counterparty, which is limited to the cost of replacing the contracts, at current market rates. We do not require collateral or other security to support these contracts.

Interest Rate Risk. Certain of our borrowings, primarily borrowings under our amended and restated senior revolving credit facility and certain production loans, are, and are expected to continue to be, at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease. The applicable margin with respect to loans under the amended and restated senior revolving credit facility is a percentage per annum equal to 2.50% plus an adjusted rate based on LIBOR. Assuming the amended and restated senior revolving credit facility is drawn up to its maximum borrowing capacity of $800 million, based on the applicable LIBOR in effect as of September 30, 2015, each quarter point change in interest rates would result in a $2.0 million change in annual interest expense on the amended and restated senior revolving credit facility.

The variable interest production loans incur interest at rates ranging from approximately 3.33% to 3.58% and applicable margins ranging from 2.5% over the one, two, three, or six-month LIBOR to 3.0% over the one, three or six-month LIBOR. A quarter point increase of the interest rates on the outstanding principal amount of our variable rate production loans would result in $2.1 million in additional costs capitalized to the respective film or television asset.

At September 30, 2015, our 5.25% Senior Notes, Term Loan Due 2022 and convertible senior subordinated notes had an aggregate outstanding carrying value of $724.0 million, and an estimated fair value of $726.5 million. A 1% increase or decrease in the level of interest rates would increase or decrease the fair value of the 5.25% Senior Notes, Term Loan Due 2022 and convertible senior subordinated notes by approximately $33.5 million and $33.7 million, respectively.

The following table presents our financial instruments that are sensitive to changes in interest rates. The table also presents the cash flows of the principal amounts of the financial instruments with the related weighted-average interest rates by expected maturity dates and the fair value of the instrument as of September 30, 2015:

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	Six Months Ended March 31,	Year Ended March 31,						Fair Value
	2016	2017	2018	2019	2020	Thereafter	Total	September 30, 2015
			(Amounts in thousands)					
Variable Rates:								
Senior Revolving Credit Facility[(1)]	$—	$—	$—	$—	$—	$—	$—	$ —
Average Interest Rate	—	—	—	—	—	—		
Production loans[(2)]	230,641	628,774	—	—	—	—	859,415	859,415
Average Interest Rate	3.36 %	3.34 %	—	—	—	—		
Fixed Rates:								
5.25% Senior Notes[(3)]	—	—	—	225,000	—	—	225,000	231,188
Average Interest Rate	—	—	—	5.25 %	—	—		
Term Loan Due 2022[(4)]	—	—	—	—	—	400,000	400,000	400,500
Average Interest Rate	—	—	—	—	—	5.00 %		
Principal Amounts of Convertible Senior Subordinated Notes:								
January 2012 4.00% Notes	—	41,850	—	—	—	—	41,850	41,340
Average Interest Rate	—	4.00 %	—	—	—	—		
April 2013 1.25% Notes	—	—	—	60,000	—	—	60,000	53,487
Average Interest Rate	—	—	—	1.25 %	—	—		
	$230,641	$670,624	$—	$285,000	$—	$400,000	$1,586,265	$ 1,585,930

(1) Amended and restated senior revolving credit facility, which expires September 27, 2017 and bears interest of 2.50% over the Adjusted LIBOR rate.

(2) Represents amounts owed to film production entities on anticipated delivery date or release date of the titles or the contractual due dates of the obligation, that incur interest at rates ranging from approximately 3.33% to 3.58%.

(3) Senior secured second-priority notes with a fixed interest rate equal to 5.25%.

(4) Term Loan maturing on March 17, 2022 with a fixed interest rate equal to 5.00%.

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Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The term “disclosure controls and procedures” is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 as amended (the “Exchange Act”). These rules refer to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within required time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of September 30, 2015, the end of the period covered by this report, the Company carried out an evaluation under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer of the effectiveness of our disclosure controls and procedures, as defined in Exchange Act Rule 13a-15(e). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that such controls and procedures were effective as of September 30, 2015.

Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d) of the Exchange Act, the Company, under the supervision and with the participation of the Company’s management, including the Chief Executive Officer and Chief Financial Officer, also evaluated whether any changes occurred to the Company’s internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, such control. Based on that evaluation, there has been no such change during the period covered by this report.

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PART II

Item 1. Legal Proceedings.

From time to time, the Company is involved in certain claims and legal proceedings arising in the normal course of business. While the resolution of these matters cannot be predicted with certainty, we do not believe, based on current knowledge, that the outcome of any currently pending legal proceedings in which the Company is currently involved will have a material adverse effect on the Company's consolidated financial position, results of operations or cash flow.

For a discussion of certain claims and legal proceedings, see Note 14 - Contingencies to our unaudited condensed consolidated financial statements, which discussion is incorporated by reference into this Part II, Item 1, Legal Proceedings.

Item 1A. Risk Factors.

Other than as set forth below, there were no other material changes to the risk factors previously reported in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015.

If our level of corporate debt increases, it could adversely affect our ability to raise additional capital to fund our operations, require us to dedicate substantial capital to servicing our debt obligations, expose us to interest rate risk, limit our ability to pursue strategic business opportunities, affect our ability to react to changes in the economy or our industry and prevent us from meeting our debt obligations.

As of September 30, 2015, our corporate debt was $726.9 million (carrying value - $724.0 million). In addition, our production loan obligations were $859.4 million.

On July 19, 2013, we redeemed $432.0 million of our 10.25% Senior Secured Second-Priority Notes (the "10.25% Senior Notes"), issued $225.0 million of our 5.25% Senior Secured Second-Priority Notes (the "5.25% Senior Notes") and borrowed $225.0 million under our Second Lien Credit and Guarantee Agreement dated July 19, 2013 (the "Term Loan Due 2020"). On March 17, 2015, we redeemed the Term Loan Due 2020 and borrowed $375 million under our Second Lien Credit and Guarantee Agreement dated March 17, 2015 (the "Term Loan Due 2022"). On March 17, 2015, the April 2009 3.625% Notes were called for redemption and in April 2015, the holders of the notes converted substantially all of the outstanding principal amounts into common shares. On May 4, 2015, we amended the Term Loan Due 2022 to increase the aggregate principal amount to $400 million.

A substantial degree of leverage could have important consequences, including the following:

- it may limit our ability to obtain additional debt or equity financing for working capital, capital expenditures, motion picture and television development, production and distribution, debt service requirements, acquisitions or general corporate or other purposes, or limit our ability to obtain such financing on terms acceptable to us;
- a portion of our cash flows from operations will be dedicated to the payment of principal and interest on our indebtedness and will not be available for other purposes, including funding motion picture and television production, development and distribution and other operating expenses, capital expenditures and future business opportunities;
- the debt service requirements of our indebtedness could make it more difficult for us to satisfy our financial obligations;

- certain of our borrowings, including borrowings under our secured credit facilities are at variable rates of interest, exposing us to the risk of increased interest rates;
- it may limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to our competitors that have less debt;
- it may limit our ability to pursue strategic acquisitions and other business opportunities that may be in our best interests;
- we may be vulnerable to a downturn in general economic conditions or in our business; and/or
- we may be unable to carry out capital spending that is important to our growth.

Despite our current indebtedness levels, we and our subsidiaries may be able to incur additional debt in the future.

Although each of our credit facilities and the indentures governing our senior secured notes contains covenants that, among other things, limit our ability to incur additional indebtedness, including guarantees, make restricted payments and investments, and

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grant liens on our assets, the covenants contained in such debt documents provide a number of important exceptions and thus, do not prohibit us or our subsidiaries from doing so. Such exceptions will provide us substantial flexibility to incur indebtedness, grant liens and expend funds to operate our business. For example, under the terms of the indenture governing our senior secured notes (i) with few restrictions, we may incur indebtedness in connection with certain film and television financing arrangements, including without limitation, purchasing or acquiring rights in film or television productions or financing print and advertising expenses, and such indebtedness may be secured by liens senior to the liens in respect of our senior secured notes, and (ii) in limited circumstances, we may make investments in assets that are not included in the borrowing base supporting our senior secured notes, in each case, without having to meet the leverage ratio tests for debt incurrence or to fit such investments within the restricted payments “build up basket” or within other categories of funds applicable to making investments and other restricted payments under the indenture governing our senior secured notes.

In addition, we may incur additional indebtedness through our senior secured credit facility. We may borrow up to $800 million under the senior secured credit facility. At September 30, 2015, we have no borrowings under our senior secured credit facility, and no letters of credit outstanding. We could borrow some or all of the remaining permitted amount in the future. The amount we have available to borrow under this facility depends upon our borrowing base, which in turn depends on the value of our existing library of films and television programs, as well as accounts receivable and cash held in collateral accounts. If new debt is added to our and our subsidiaries' existing debt levels, this has the potential to magnify the risks discussed above relating to our ability to service our indebtedness and the potential adverse impact our high level of indebtedness could have on us.

An increase in the ownership of our common shares by certain shareholders could trigger a change in control under the agreements governing our long-term indebtedness.

The agreements governing certain of our long-term indebtedness contain change in control provisions that are triggered when any of our shareholders, directly or indirectly, acquires ownership or control in excess of a certain percentage of our common shares. As of November 2, 2015, four of our shareholders, Mark H. Rachesky, M.D., JANA Partners LLC, Capital Research Global Investors and Capital World Investors, and their respective affiliates, beneficially owned approximately 27.1%, 6.7%, 5.9% and 5.8%, respectively, of our outstanding common shares.

Under certain circumstances, including the acquisition of ownership or control by a person or group in excess of 50% of our common shares, the holders of our senior secured notes and our convertible senior subordinated notes may require us to repurchase all or a portion of such notes upon a change in control and the holders of our convertible senior subordinated notes may be entitled to receive a make whole premium based on the price of our common shares on the change in control date. We may not be able to repurchase these notes upon a change in control because we may not have sufficient funds. Further, we may be contractually restricted under the terms of our secured credit facilities from repurchasing all of the notes tendered by holders upon a change in control. Our failure to repurchase our senior secured notes upon a change in control would cause a default under the indentures governing the senior secured notes and the convertible senior subordinated notes and a cross-default under our secured credit facilities.

Our secured credit facilities also provide that a change in control, which includes a person or group acquiring ownership or control in excess of 50% of our outstanding common shares, will be an event of default that permits lenders to accelerate the maturity of borrowings thereunder and to enforce security interests in the collateral securing such debt, thereby limiting our ability to raise cash to purchase our outstanding senior secured notes and convertible senior subordinated notes. Any of our future debt agreements may contain similar provisions.

Certain shareholders own a substantial amount of our outstanding common shares.

As of November 2, 2015, four of our shareholders beneficially owned an aggregate of 67,639,026 of our common shares, or approximately 45.6% of the outstanding shares. In addition, one of these shareholders, Mark H. Rachesky, M.D., the beneficial owner of approximately 27.1% of our outstanding common shares, currently serves as the Chairman of our Board of Directors. Accordingly, these four shareholders, collectively, have the power to exercise substantial influence over us and on matters requiring approval by our shareholders, including the election of directors, the approval of mergers and other significant corporate transactions. This concentration of ownership may make it more difficult for other shareholders to effect substantial changes in our company and may also have the effect of delaying, preventing or expediting, as the case may be, a change in control of our company.

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Sales of a substantial number of shares of our common shares, or the perception that such sales might occur, could have an adverse effect on the price of our common shares, and therefore our ability to raise additional capital to fund our operations.

As of November 2, 2015, approximately 45.6% of our common shares were held beneficially by certain individuals and institutional investors who each had ownership of equal to or greater than 5% of our common shares. We also filed a resale registration statement to enable certain shareholders who received our common shares in connection with our acquisition of Summit Entertainment in January 2012 and certain holders of debt convertible into our common shares, to resell our common shares. Sales by such individuals and institutional investors of a substantial number of shares of our common shares into the public market, or the perception that such sales might occur, could have an adverse effect on the price of our common shares, which could materially impair our ability to raise capital through the sale of common shares or debt that is convertible into our common shares.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Unregistered Sales of Equity Securities

On July 29, 2015, the Company issued 3,486 of the Company’s common shares to the estate of Morley Koffman, an accredited investor, pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended. Mr. Koffman was a former director of the Company.

Issuer Purchases of Securities

On May 31, 2007, our Board of Directors authorized the repurchase of up to $50 million of our common shares. On each of May 29, 2008 and November 6, 2008, our Board of Directors authorized additional repurchases up to an additional $50 million of our common shares. Thereafter, on December 17, 2013, our Board of Directors authorized the Company to further increase its stock repurchase plan to $300 million. To date, approximately $210.1 million of the Company’s common shares have been purchased, leaving approximately $89.9 million of authorized potential purchases. The remaining $89.9 million of the Company’s common shares may be purchased from time to time at the Company’s discretion, including quantity, timing and price thereof, and will be subject to market conditions. Such purchases will be structured as permitted by securities laws and other legal requirements.

During the period from the authorization date through September 30, 2015, 5,342,218 common shares have been repurchased at a cost of approximately $144.8 million, including commission costs. The share repurchase program has no expiration date.

The following table sets forth information with respect to shares of our common stock purchased by us during the three months ended September 30, 2015:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
July 1, 2015 - July 31, 2015	—	$—	—	$89,931,883
August 1, 2015 - August 31, 2015	—	$—	—	$89,931,883

September 1, 2015 - September 30, 2015	—	$—	—	$89,931,883
Total	—	$—	—	$89,931,883

Additionally, during the three months ended September 30, 2015, 77,281 common shares were withheld upon the vesting of restricted share units and share issuances to satisfy minimum statutory federal, state and local tax withholding obligations.

Item 3. Defaults Upon Senior Securities.

None

Item 4. Mine Safety Disclosures.

Not applicable.

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Item 5. Other Information.

None

Item 6. Exhibits.

Exhibit Number	Description of Documents
3.1(1)	Articles
3.2(2)	Notice of Articles
3.3(3)	Vertical Short Form Amalgamation Application
3.4(3)	Certificate of Amalgamation
31.1	Certification of CEO pursuant to Section 302 of Sarbanes-Oxley Act of 2002
31.2	Certification of CFO pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32.1	Certification of CEO and CFO pursuant to Section 906 of Sarbanes-Oxley Act of 2002
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income (Loss), (iv) the Consolidated Statements of Shareholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements

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(1) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2005 as filed on June 29, 2005.

(2) Incorporated by reference to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2010 as filed on February 9, 2011.

(3) Incorporated by reference to the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2007 as filed on May 30, 2007.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LIONS GATE ENTERTAINMENT CORP.

By: /s/ JAMES W. BARGE
Name: James W. Barge
Title: Duly Authorized Officer and Chief Financial Officer

DATE: November 9, 2015