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## New Frontier Media, Inc. F4Q09 (Qtr End 5/31/09) Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from [John Ralph] – Aragon Capital.

#### [John Ralph] – Aragon Capital

A few questions for you, first of all just a little bit of detail, it looked like the tax rate in the fourth quarter was a few points higher than what you've been booking historically. What should we be using on a go forward basis for the company's consolidated tax rate?

#### Grant H. Williams

The way we're forecasting it right now internally is our expectation that that rate going forward will be around the 40% mark.

#### [John Ralph] – Aragon Capital

Secondly, you had mentioned last quarter on the call that you were I guess given the sort of restrictive financing environment that you guys were seeing some external opportunities where you could invest some cash for a nice return particularly in the film production business. Any updates in that regard? Are those opportunities still there? Sort of where do things stand? Are you still seeing things come your way that you think would be interesting?

#### Grant H. Williams

I think what we talked about on the last call is for our film production segment with what's been occurring with the credit markets a lot of our competitors within that space really require the credit markets to finance their productions. Our film production segment has the benefit of having the parent company with a large amount of cash and investments back those productions so we're not required to access the credit market.

So, we don't have any definitive arrangement set up where we're capitalizing so far on those situations however we are speaking with potential distributors about additional distribution deals. We're optimistic that we'll be able to capitalize on that but at this point in time we don't have anything definitively papered in connection with those opportunities.

#### [John Ralph] – Aragon Capital

Then my last question I was hoping you could provide maybe a little bit more color on the direct to consumer segment. Again, going back to last quarter I think what you had mentioned was that you had sort of developed I guess a partnership structure whereby you could I think push some of the expenses off and maybe give up a little bit of the upside to some partners in the local markets. What has the response been? It sounds like you're taking the expenses down but you're not kind of killing the project all together. Can you give any more color in terms of sort of what the response rate has been and sort of how this segment is being restructured to take the expenses down? Is it just sort of moving further in the direction of what you had talked about last quarter with respect to partnering or sort of what's going on there?

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