

B.F.S
ENTERTAINMENT & MULTIMEDIA LIMITED

Wednesday, March 31, 2004

SEC EXEMPTION #82-4245

Office of International Finance
Securities & Exchange Commission
Corporate Filing
450 Fifth Street, NW
Washington, DC 20549
USA

SUPPL



04 APR -9 PM 7:21

Dear Sir or Madam:

RE: Exemption #82-4245

We are submitting current public filings as required under rule 12g3-2(b).

Yours truly,

John Grzybowski
Chief Financial Officer
BFS Entertainment & Multimedia Limited

Enclosures: Press Release – March 30, 2004
Third Quarter FY2004 Interim Report

PROCESSED

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FINANCIAL

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ENTERTAINMENT & MULTIMEDIA LIMITED

P R E S S R E L E A S E

Tuesday, March 30, 2004

For Immediate Release:

Stock Symbol: TSX Venture Exchange: BFS

**BFS ENTERTAINMENT & MULTIMEDIA LIMITED
ANNOUNCES THIRD QUARTER RESULTS**

BFS Entertainment & Multimedia Limited of Richmond Hill, Ontario, is pleased to report its unaudited consolidated financial and operating results for the third quarter ended January 31, 2004.

Sales for the first nine months were \$6,156,219 compared to \$6,650,578 during the same period last year. Operating earnings were \$944,749 (\$0.12) compared to \$1,875,192 (\$0.23 per share) for the same period last year. Earnings before income taxes were \$209,936 compared to \$906,211 for the same period last year. Net earnings were \$173,511 (\$0.02 per share) compared to \$528,825 (\$0.07 per share) for the same period last year.

Sales for the third quarter were \$2,280,829 compared to \$2,508,395 during the same quarter last year. Operating earnings were \$241,613 (\$0.03 per share) compared to \$772,701 (\$0.10 per share) for the same period last year. Earnings before income taxes were \$46,400 compared to \$453,691 for the same period last year. Net earnings were \$28,737 (\$0.00 per share) compared to \$264,389 (\$0.03 per share) for the same period last year.

Denis B.E. Donnelly, President and CEO stated, "The appreciation of the Canadian dollar against the U.S. dollar continues to temper our revenues as approximately 85% of revenues are received in U.S. dollars. Revenue enhancing and cost control efforts will continue to be our focus. We also remain very conservative in our inventory valuation of our VHS product in light of the significant increase in penetration of the DVD format in the marketplace. We will continue our investment in exceptional DVD formatted programming."

FINANCIAL HIGHLIGHTS (unaudited)

	Thirty-nine Weeks Ended Jan. 31, 2004	Thirty-nine Weeks Ended Feb. 1, 2003	Thirteen Weeks Ended Jan. 31, 2004	Thirteen Weeks Ended Feb. 1, 2003
Sales	\$ 6,156,219	\$ 6,650,578	\$ 2,280,829	\$ 2,508,395
Operating earnings (EBITDA) ¹	944,749	1,875,192	241,613	772,701
Earnings before income taxes	209,936	906,211	46,400	453,691
Income taxes	36,425	377,386	17,663	189,302
Net earnings	173,511	528,825	28,737	264,389
Operating earnings per share (EBITDA) ¹	\$ 0.12	\$ 0.23	\$ 0.03	\$ 0.10
Basic and diluted earnings per share	0.02	0.07	0.00	0.03

1. BFS uses operating earnings (EBITDA) to assess the operating performance of its business. Operating earnings (EBITDA) represent earnings before interest, income taxes and amortization. Operating earnings (EBITDA) do not have a standardized meaning prescribed by generally accepted accounting principles and therefore, are unlikely to be comparable to operating earnings (EBITDA) as reported by other publicly traded companies.

BFS Entertainment & Multimedia Limited manufactures, markets and distributes under the **BFS Video** and **American Home Treasures** video labels, a wide range of entertainment home videos and DVDs for resale to retail and catalogues throughout North America. The company's strategy is to continue to acquire new programming for North America and to expand its distribution channels. The Company is also continuing to look for small companies that can be acquired to fit the current business model.

(SEC Rule 12g exemption #82-4245)

For further information, please contact:
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 Corporate Website: www.bfsent.com

SECURITIZATION

B.F.S

ENTERTAINMENT & MULTIMEDIA LIMITED

**T H I R D
Q U A R T E R
R E P O R T**

For the Three & Nine Month Period
Ended January 31, 2004



AMERICAN
HOME
TREASURES

(1)

B F S ENTERTAINMENT & MULTIMEDIA LIMITED
Consolidated Statements of Operations

<i>(Unaudited)</i> For the period ended	13 Weeks Ended		39 Weeks Ended	
	Jan. 31, 2004	Feb. 1, 2003	Jan. 31, 2004	Feb. 1, 2003
Sales	\$ 2,280,829	\$ 2,508,395	\$ 6,156,219	\$ 6,650,578
Cost of goods sold	965,118	935,932	2,347,995	2,402,689
Gross profit	1,315,711	1,572,463	3,808,224	4,247,889
Selling expenses	511,640	385,761	1,288,235	1,054,202
Administrative expenses	562,458	414,001	1,575,240	1,318,495
Total selling and administrative expenses	1,074,098	799,762	2,863,475	2,372,697
Operating earnings before interest, amortization and income taxes	241,613	772,701	944,749	1,875,192
Interest expense	43,250	51,670	151,548	166,512
Operating earnings before amortization and income taxes	198,363	721,031	793,201	1,708,680
Amortization of capital assets and deferred development	151,963	139,969	455,891	420,356
Operating earnings before amortization of AHT Video Library and income taxes	46,400	581,062	337,310	1,288,324
Amortization of AHT Video Library	-	127,371	127,374	382,113
Earnings before income taxes	46,400	453,691	209,936	906,211
Current income taxes	26,363	235,377	94,225	524,911
Future income taxes (recovered)	(8,700)	(46,075)	(57,800)	(147,525)
	17,663	189,302	36,425	377,386
Net earnings	\$ 28,737	\$ 264,389	\$ 173,511	\$ 528,825
Operating earnings before interest, amortization and income taxes per share	\$ 0.03	\$ 0.10	\$ 0.12	\$ 0.23
Basic and diluted earnings per share (Note 3)	\$ 0.00	\$ 0.03	\$ 0.02	\$ 0.07

Consolidated Statements of Retained Earnings

<i>(Unaudited)</i> For the period ended	13 Weeks Ended		39 Weeks Ended	
	Jan. 31, 2004	Feb. 1, 2003	Jan. 31, 2004	Feb. 1, 2003
Retained earnings – beginning of period	\$ 1,125,075	\$ 1,250,267	\$ 980,301	\$ 985,831
Net earnings	28,737	264,389	173,511	528,825
Dividends	-	(200,821)	-	(200,821)
Retained earnings – end of period	\$ 1,153,812	\$ 1,313,835	\$ 1,153,812	\$ 1,313,835

The accompanying notes are an integral part of the Interim Consolidated Financial Statements.

Notes to Interim Consolidated Financial Statements (unaudited)

1. Summary of Significant Accounting Policies

The significant accounting policies used in these unaudited interim consolidated financial statements conform to those presented in the Corporation's May 3, 2003 audited annual consolidated financial statements. These interim consolidated financial statements do not include all of the disclosures included in the annual consolidated financial statements and accordingly should be read in conjunction with the annual consolidated financial statements.

2. Bank Indebtedness

As of January 31, 2004, the Corporation had an operating line of credit in the amount of \$2,000,000 (May 3, 2003 - \$2,500,000) of which approximately \$1,555,000 (May 3, 2003 - \$1,128,000) was outstanding at that date. The outstanding portion of the line of credit bears interest at the bank prime rate plus 0.5% per annum payable monthly. A general security providing a first charge over all accounts receivable, inventories and equipment, other than leased assets, has been pledged as security for this operating line of credit.

Consolidated Balance Sheets

As at	January 31, 2004 <i>Unaudited</i>	May 3, 2003 <i>Audited</i>
Assets		
Current		
	SEC EXEMPTION #82-4245	
Accounts receivable	\$ 1,303,167	\$ 1,410,443
Inventories	1,457,221	1,808,853
Prepaid video royalties	947,584	1,020,624
Prepaid expenses and deposits	94,156	70,927
Current portion of deferred development costs	162,555	166,229
	3,964,683	4,477,076
AHT Video Library	-	127,374
Loan receivable	-	14,000
Future income taxes recoverable	36,700	-
Investment in productions	138,355	-
Deferred development costs	202,227	208,062
Capital assets	1,051,693	1,078,145
	\$ 5,393,663	\$ 5,904,657
Liabilities		
Current		
Bank indebtedness (Note 2)	\$ 880,349	\$ 1,011,893
Accounts payable and accrued liabilities	906,581	974,898
Income taxes payable	120,442	285,490
Long-term debt due within one year	156,250	375,000
Capital lease obligations due within one year	25,093	30,808
	2,088,715	2,678,089
Long-term debt	-	62,500
Capital lease obligations	20,089	31,620
Future income taxes	-	21,100
	2,108,804	2,793,309
Shareholders' Equity		
Capital stock (Note 3)	2,131,047	2,131,047
Retained earnings	1,153,812	980,301
	3,284,859	3,111,348
	\$ 5,393,663	\$ 5,904,657

The accompanying notes are an integral part of the Interim Consolidated Financial Statements.

3: Capital Stock

Authorized		
Unlimited common shares		
Issued - Common Shares		
	Shares	Amount
Balance - beginning of year	7,970,833	\$ 2,131,047
Balance - end of period	7,970,833	\$ 2,131,047

The following table sets out the computation of basic and diluted earnings per share:

	Jan. 31, 2004	Feb. 1, 2003
Numerator		
Net earnings available to common shareholders	\$ 173,511	\$ 528,825
Denominator		
Weighted average shares for basic earnings per share	7,970,833	8,046,713
Basic and diluted earnings (loss) per share	\$ 0.02	\$ 0.07

(3)

B F S ENTERTAINMENT & MULTIMEDIA LIMITED

Consolidated Statements of Cash Flows

(Unaudited)	13 Weeks Ended		39 Weeks Ended	
For the period ended	Jan. 31, 2004	Feb. 1, 2003	Jan. 31, 2004	Feb. 1, 2003
Operating activities				
Net earnings	28,737	\$ 264,389	\$ 173,511	\$ 528,825
Items not affecting cash:				
Future income taxes (recovered)	(8,700)	(46,075)	(57,800)	(147,525)
Forgiveness of loan receivable	-	-	14,000	14,000
Amortization of capital assets	110,406	96,922	331,219	291,215
Amortization of deferred development costs	41,557	43,047	124,672	129,141
Amortization of AHT Video Library	-	127,371	127,374	382,113
	172,000	485,654	712,976	1,197,769
Net changes in non-cash working capital balances (*)	663,274	513,098	275,354	(179,177)
Cash flows provided by operating activities	835,274	998,752	988,330	1,018,592
Financing activities				
Increase (decrease) in bank borrowings	(615,095)	(565,272)	(131,544)	8,874
Dividends paid	-	(200,821)	-	(200,821)
Proceeds from capital lease	10,200	-	10,200	-
Repayment of capital lease obligations	(8,441)	(12,355)	(27,446)	(59,708)
Repayment of long-term debt	(93,750)	(93,750)	(281,250)	(289,584)
Proceeds from issue of common shares	-	7,750	-	7,750
Purchase of common shares for cancellation	-	(3,940)	-	(14,776)
Cash flows used in financing activities	(707,086)	(868,388)	(430,040)	(548,265)
Investing activities				
Additions to capital assets	(89,033)	(92,201)	(304,772)	(340,376)
Reduction (additions) to investment in productions	959	-	(138,355)	-
Additions to deferred development costs	(40,114)	(38,163)	(115,163)	(129,951)
Cash flows used in investing activities	(128,188)	(130,364)	(558,290)	(470,327)
Net change in cash and cash equivalents	-	-	-	-
Cash and cash equivalents, beginning and end of period	\$ -	\$ -	\$ -	\$ -
Interest on long-term debt	\$ 22,320	\$ 34,783	\$ 78,716	\$ 113,277

(*) Components of the net changes in non-cash working capital balances related to operation

Decrease (increase) in accounts receivable	\$ 272,094	\$ (65,057)	\$ 107,276	\$ (306,214)
Decrease (increase) in inventories	137,548	129,940	351,632	(194,217)
Decrease (increase) in prepaid video royalties	166,486	(85,724)	73,040	(241,845)
Decrease (increase) in prepaid expenses and deposits	47,966	1,865	(23,229)	9,842
Increase (decrease) in accounts payable and accrued liabilities	12,817	112,478	(68,317)	(76,869)
Increase in dividends payable	-	200,821	-	200,821
Increase (decrease) in income taxes payable	26,363	218,775	(165,048)	429,305
	\$ 663,274	\$ 513,098	\$ 275,354	\$ (179,177)

The accompanying notes are an integral part of the Interim Consolidated Financial Statements.

BFS ENTERTAINMENT & MULTIMEDIA LIMITED
Report to Shareholders

We are pleased to report our unaudited consolidated financial and operating results for the third quarter ended January 31, 2004.

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Denis B.E. Donnelly
Chairman, President & CEO
March 30, 2004

Shareholders and other individuals requesting copies of the Annual and Quarterly Reports should contact:

INVESTOR RELATIONS

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