

Press Release:

On Friday, August 24, 2012, Inferno Distribution, LLC and Inferno International, LLC commenced Chapter 11 cases in Los Angeles California to allow them to continue to operate those businesses while restructuring their obligations. While business and prospects remain strong for those entities, in late 2011 a large judgment was entered against Distribution and International related to the 2005 film *Just Friends*, on which Distribution acted as foreign sales agent. The central issue in the case is who was responsible for financial losses when a producer of the film who was hired by a German tax fund, not by Distribution or International, absconded with millions of dollars received from Canadian tax credits. Both Distribution and International strongly disagree with the Court's ruling and have appealed. The filings were necessary to protect the value of the companies and to restructure operations in those entities while the appeal can be decided.

These cases do not affect any other entities, including Inferno Films and Inferno Features, which did not file for Chapter 11 protection. Both Distribution and International will continue to operate while under the Chapter 11 protection for the benefit of all interested parties.