September 27th 2007

Interim Results for the six months ended 30th June 2007

Highlights

- Turnover of £4.6 million (2006: £4.5 million)
- EBITDA of £0.94 million (2006: £0.1 million)
- Pre tax of £0.72 million (2006: loss of £68,000)
- Strong balance sheet: net assets of £15.8 million with £0.73 million cash
- Eastern European Broadcasting highlights include:
    - Creation and launch of Balkan Media Group (BMG) Eastern European broadcasting joint venture
    - Introduction of new strategy to move towards free-to-air service for the main Diema channel
    - After lengthy negotiations successful increase in cable fees with monthly revenue now 56% higher than end of 2006
    - New scheduling and increased programme investment driving growth in viewing figures: share of key 18-49 demographic up from c. 5% at the end of last year to more than 7.5% since relaunch in September
- Content Creation highlights include:
    - 34% growth in revenues
    - Steadfast continues strong growth of commissions with wide range of UK and international broadcasters
    - Proactive expanding sports coverage activities with new contracts and further consolidating position as leader in international rugby

Chairman and Chief Executive Didier Stoessel commented:

" We view our prospects as very good over the medium term. In Eastern Europe we are achieving all the strategic goals of the new joint venture. Here television costs will continue to increase, an essential investment to drive further the growth in the advertising revenue and audience share that we have begun to see. On the Content Creation front the commissions we are currently waiting to be confirmed will demonstrate the success of our strategy to build a strong television production business. We look forward to the future with confidence, assured on improving revenues and, importantly, valuable broadcasting and content rights. "

For further information please contact:

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CHAIRMAN’S STATEMENT AND OPERATIONAL REVIEW

OVERVIEW

I am pleased to be able to report on a productive but challenging first half of the financial year, a period that saw positive strategic and financial progress. The Company has become a significant player in Eastern European broadcasting, having partnered with a strong multinational media group and on the content creation side a rapidly growing producer of UK and international television and music content. The Eastern European business became an associate as at 1 April 2007 when the relevant companies were deconsolidated. Where appropriate, the figures quoted below include “fully consolidated” numbers for consistency of comparison.

During the half year turnover grew to £4.6 million (£5.3m on a fully consolidated basis; 2006: £4.5m), making a pre tax profit of £718,000 (2006: loss of £68,000). This is a good performance given the high degree of continuing business development investment. Content Creation contributed 69% of the turnover and Eastern European Broadcasting 31% (on a fully consolidated basis). Our balance sheet remains strong with net assets of £15.8 million, of which £0.73 million was in cash.

OPERATIONAL REVIEW

Content Creation

We now have three well run businesses that each continue to win new business, increase revenues and, importantly, build the asset value of the Apace IP catalogue.

These content creation activities, which comprise Steadfast Television, Apace Music and Pro-Active Television, generated EBITDA of £194,000 (2006: £10,000 after adjustment for comparable management charges) on a turnover up 34% year-on-year of £3.7m (2006: £2.7m). This growth occurred during a period of continuing substantial, sustained, investment in people and IP development.

The newest and largest of these content companies, Steadfast Television, is having notable success with approaching 70 hours of programming currently in advanced development, commissioned, in production or waiting to be broadcast.

Steadfast - During the half year Steadfast Television continued to build its position as one of the UK’s fastest growing factual producers with a raft of new commissions and programmes in production or development from a wide range of UK and international broadcasters including BBC, ITV, Five, Virgin Media, UK TV, Discovery Canada and National Geographic. Programming highlights for the first half included the recommission of ***Sky Cops*** by the BBC for a further four hours, the commissioning of ***Last Chance Driving School*** *(1 x 90)*, for ITV1 and ***My Famous Cousin*** *(1 x 60)* for ITV2 and the delivery of our initial four hour commission of ***Earth Shocks*** for National Geographic US Channel and UKtv. We can also announce today the start of production on our exciting new six-part international documentary series, ***Salvage Code Red,*** which we are making for Discovery Canada and National Geographic.

Steadfast International, the Company’s distribution arm set up twelve months ago, has enjoyed success selling programming to over 100 different territories. In addition to completed programmes they also market programme formats such as ***My Famous Cousin*** , ***Last Chance Driving School*** *and* ***Fans United.***

Pro-Active - Our sports specialist production company continued to expand its activities across a range of sports during the period, generating over 150 hours of original in-house programming shown in 80 countries. New developments included the International Rugby Board (IRB) appointing Pro-Active to co-ordinate TV production and distribution of two new development projects as well as handling the 2009 7s Rugby World Cup. Other major business wins during the period included the contract to manage television coverage of events run by the world governing body for airsports, the Fédération Aéronautique Internationale (FAI); two further squash contract wins: coverage of this year’s British Open and the Saudi International, the richest squash event ever. Alongside these new wins Pro-Active has also been busy delivering shows for the Group’s branded programmes team: producing 26 half hours of ***Nissan Sports Adventure*** and the high-profile ***Adidas Warriors***, an All Blacks rugby documentary already being broadcast world-wide to coincide with the Rugby World Cup.

Apace Music – the company has seen growth in sales and market share during the period. Year-on-year UK over-the counter sales were up over 55% although the company’s sales grew more slowly because of wholesale & retail de-stocking. New accounts have been opened up with Tesco, WH Smith and Woolworths which ensured good shelf space for our new releases. Export sales were initially disrupted by our changing distribution arrangements in certain major territories. The music publishing side of the company is performing well with income generated in excess of £60,000 from Apace owned material. The Sony BMG licensing relationship has enabled us to release not only better quality albums (featuring artists like Bob Marley, Nina Simone and Earth Wind & Fire) but also to release these far quicker, helping to rapidly increase the number of titles in the catalogue (now standing at 262 titles).

Eastern European Broadcasting

The most significant achievement of the first half of the year was the creation of Balkan Media Group (BMGL), our joint venture with Modern Times Group (MTG), one of Europe’s largest international broadcasting organisations. Our BMGL partnership now has interests in five television stations in Bulgaria and Macedonia, is well resourced and has ambitious plans to expand operations, building viewing figures and revenues.

During the period our Eastern European media activities generated an EBITDA loss before exceptionals of £501,000 (2006: profit of £340,000) on a fully consolidated turnover of £1.65 million (2006 £1.72m). While these figures show a decline year-on-year, meaningful comparisons are not possible because of the complete reshaping of our Eastern European broadcasting activities. Supported by the strong partnership with MTG, BMGL adopted a new policy to switch from all-premium television services to a mix of free-to-air and premium services, a strategy that incurs greater programme cost but also results in larger audiences which will attract a larger share of the buoyant television advertising market. The partial disposal to BMGL realised a gain for Apace shareholders of £1.85 million.

BMGL has increased cable fees and advertising rates in Bulgaria, a strategy we could only pursue as part of a larger, well-funded media joint venture. As part of the negotiation with cable operators we ceased the service in Sofia and Plovdiv, the two largest Bulgarian markets, for a three month period. This short term tactic, which did have an adverse impact on first half revenues, has been very successful. Consequently monthly cable revenues in October 2007 will be 56% higher than December 2006, largely the result of this new pricing.

BMGL has also introduced a new programme schedule and a new advertising rate card. We will report back on the outcome of this strategy at the full year results but initial indications are very positive with our share of commercial impacts in the key 18-49 demographic up from 5% at the end of last year to over 7.5% since relaunch in September.

The second leg of our Eastern European development plan is to develop the Albanian market, where we have signed an option to buy one of the two national commercial terrestrial licenses. This is currently a stand alone Apace Media investment, but, as in Bulgaria and Macedonia, we are aiming to bring in a strong international partner. As at 30 June, we had invested £1.4m in Albania, reconstructing the programme schedule and the operations. 2008 will be the year we will exercise our option on this channel, which will trigger further investment in both programming and operations. Like Bulgaria, Albania has very good potential with prospective EU integration and growing economic reconstruction. While we are extremely positive about the prospects in this market we are also aware of the political and regulatory uncertainties that exist and therefore view this investment as speculative.

Staff

I would like to thank all our employees for their contribution to the half year's strong performance. Throughout a period of great activity Apace's staff has again shown flexibility, commitment and adaptability.

Dividend

As we focus on developing the business over the next few years we shall be investing in people, rights and marketing. Consequently we do not intend to propose a dividend for the interim period. We will however keep this policy under regular review.

IFRS

The Company has implemented International Financial Reporting Standards (IFRS) for its reporting in the current year. Note 1 to the accounts explains the basis of preparation and note 14 explains the transition impact.

Current trading and future prospects

We view our prospects as very good over the medium term although building on our initial success will require continued investment in programming and operations. Consequently it is difficult to be precise about the final outcome for the full year and at this time we believe it is unlikely we will achieve current market expectations. Importantly the operational fundamentals of the business are succeeding. In Eastern Europe we are achieving all the strategic goals of the new joint venture. Here television costs will continue to increase, an essential investment to drive further the growth in the advertising revenue and audience share that we have begun to see. On the Content Creation front the commissions we are currently waiting to be confirmed will demonstrate the success of our strategy to build a strong television production business. We look forward to the future with confidence, assured on improving revenues and, importantly, valuable broadcasting and content rights.

Didier Stoessel
Chairman
27 September 2007

Consolidated income statement

	Notes	6 months to 30 June 2007 (unaudited) £'000	6 months to 30 June 2006 (unaudited) £'000	12 months ended 31 December 2006 (audited) £'000
Revenue		4,576	4,464	10,588
Cost of sales		(3,039)	(2,528)	(6,311)
Gross profit		1,537	1,935	4,277
Other income	3	1,858	-	-
Share of losses of associate	8	(167)	-	-
Administrative expenses				
Exceptional	4	(117)	-	(78)
Normal		(2,433)	(2,042)	(4,488)
Operating profit / (loss) and profit / (loss) on ordinary activities before interest		678	(107)	(289)
Finance costs		-	-	(21)
Finance income		40	39	63
Profit / (loss) on ordinary activities before income tax		718	(68)	(247)
Income tax expense on ordinary activities	5	-	(31)	(23)
Profit / (loss) on ordinary activities after income tax		718	(99)	(270)
Minority interests		185	(74)	(67)
Retained profit / (loss) - equity	10	903	(173)	(337)
Profit / (loss) per share - basic and diluted (pence)	6	1.01	(0.25)	(0.48)

An analysis of amounts relating to continuing activities and to activities disposed of to an associate is in Note 2

Consolidated balance sheet

	Notes	30 June 2007 (unaudited) £'000	30 June 2006 (unaudited) £'000	31 December 2006 (audited) £'000
Assets				
Non-current assets				
Property, plant and equipment		523	1,814	1,570
Intangible assets - goodwill	7	3,429	7,541	8,732
Intangible assets - other		298	805	1,343
Investment property		160	-	-
Investment in associate	8	5,037	-	-
Available for sale financial assets		454	-	-
Investments – acquisition projects		664	170	435
Total non-current assets		10,565	10,330	12,080
Current assets				
Inventories		1,225	741	849
Trade and other receivables		6,129	2,322	4,795
Cash and cash equivalents	11,12	730	1,824	1,525
Total current assets		8,084	4,887	7,169
Total Assets		18,649	15,217	19,249
Liabilities				
Non-current liabilities				
Borrowings		-	160	342
Deferred tax liabilities		49	45	51
Other non-current liabilities		-	-	117
Total non-current liabilities		49	205	510
Current liabilities				
Trade and other payables		2,701	2,212	3,082
Other taxes and social security		66	-	310
Borrowings		-	-	12
Total current liabilities		2,767	2,212	3,404
Total liabilities		2,816	2,417	3,914
Net assets		15,833	12,800	15,335
Capital and reserves				
Called up share capital	9	7,797	6,792	7,797
Share premium	10	6,840	4,990	6,840
Other reserve	10	1,375	1,375	1,375
Shares to be issued	13	32	-	18
Profit & loss account	10	(108)	(847)	(1,011)
Equity shareholders' funds		15,936	12,310	15,019
Minority interests		(103)	490	316
Capital employed		15,833	12,800	15,335

Consolidated cash flow statement

	Notes	6 months to 30 June 2007 £'000 (unaudited)	6 months to 30 June 2006 £'000 (unaudited)	12 months to 31 December 2006 £'000 (audited)
Cash flows from operating activities				
Operating profit / (loss)		678	(107)	(289)
Charge in respect of compensation shares		-	-	19
Loss reported by associate	8	167	-	-
Gain on disposal of subsidiary	7	(1,846)	-	-
Amortisation of intangible fixed assets		106	60	213
Depreciation of tangible fixed assets		119	171	367
Profit on disposal of investments	3	(12)	-	-
Profit on disposal of tangible fixed assets		-	-	3
Increase in inventories		(558)	(414)	(520)
Decrease / (increase) in trade and other receivables		(3,106)	3,787	1,203
Increase / (decrease) in payables		2,793	(1,482)	(933)
Cash generated from operations		(1,659)	2,015	63
Interest paid		-	-	(21)
Net cash generated from operating activities		(1,659)	2,015	42
Cash flows from investing activities				
Purchase of subsidiary undertakings		(155)	(3,461)	(4,535)
Proceeds from disposal of subsidiary undertaking	7	5,354	-	-
Costs relating to the disposal of subsidiary undertaking	7	(268)	-	-
Investment in associate	8	(2,078)	-	-
Cash acquired with acquisition of subsidiary undertakings		-	407	403
Cash disposed of with disposal of subsidiary undertakings		(348)	-	-
Purchase of tangible fixed assets		(132)	(523)	(342)
Disposal of tangible fixed assets		-	-	7
Purchase of intangible fixed assets		(153)	(257)	(949)
Purchase of investment property		(160)	-	-
Purchase of available for sale financial assets		(557)	-	-
Proceeds from disposal of available for sale financial assets		116	-	-
Investment project work in progress		(441)	(103)	(52)
Interest received		40	42	63
Net cash generated from/(used in) investing activities		1,218	(3,895)	(5,405)
Cash flows from financing activities				
Proceeds from issue of ordinary shares		-	-	3,000
Related expenses		-	-	(164)
Bank borrowings drawn / (eliminated)	11,12	(342)	-	342
Proceeds from issue of shares in subsidiaries to minority interests		23	50	92
Dividends paid – minority interest		(35)	(30)	(65)
Net cash generated from/(used in) financing activities		(354)	20	3,205
Net decrease in cash, cash equivalents and bank overdrafts	11,12	(795)	(1,859)	(2,158)
Cash, cash equivalents and bank overdrafts at beginning of the year	11,12	1,525	3,683	3,683
Cash, cash equivalents and bank overdrafts at the end of the period	11,12	**730**	1,824	1,525

Consolidated Statement of Changes in Equity

	Called up share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Shares to be issued £'000	Total £'000
At 1 January 2006	**6,792**	**4,990**	**1,375**	**(674)**	**-**	**12,483**
Loss for period	-	-	-	(173)	-	(173)
30 June 2006	**6,792**	**4,990**	**1,375**	**(847)**	**-**	**12,310**
Share placing	1,000	1,836	**-**	**-**	**-**	**2,836**
Shares as compensation for loss of office	5	14	-	**-**	**-**	19
Loss for period	**-**	**-**	**-**	(164)	-	(164)
Movement in period	**-**	**-**	**-**	-	18	18
31 December 2006	**7,797**	**6,840**	**1,375**	**(1,011)**	**18**	**15,019**
Profit for period	**-**	**-**	**-**	903	-	903
Movement in period	**-**	**-**	**-**	**-**	14	14
30 June 2007	**7,797**	**6,840**	**1,375**	**(108)**	**32**	**15,936**

Notes to the interim report

1. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2007 have been prepared under applicable International Financial Reporting Standards adopted by the European Union ("IFRS") which have been adopted and incorporated into the principal accounting policies as set out below. Where appropriate, the reconciliation between UK GAAP and IFRS is given in the notes to the accounts.

The financial information included in this document is unaudited and does not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. The comparative figures for the financial year ended 31 December 2006 are those in the statutory accounts for that financial year. No differences arise from the reconciliation between UK GAAP and IFRS. The statutory accounts for the year ended 31 December 2006, prepared in accordance with UK GAAP, have been filed with the Registrar of Companies. The auditor gave an unqualified report, without any statement under section 237(2) or (3) of the Companies Act 1985.

This interim financial information has been prepared on the basis of the recognition and measurement requirements of adopted IFRS as at 30 June 2007 that are effective as at 30 June 2007, which will be the Group's first interim reporting date under IFRS. Based on these adopted IFRS, the directors have applied the accounting policies which they expect to apply when the first annual IFRS financial statements are prepared for the year ending 31 December 2007.

However, the adopted IFRS that will be effective in the annual financial statements for the year ending 31 December 2007 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ended 31 December 2007.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings made up to 31 December each year.

The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

2. Continuing and discontinued activities

		6 months to 30 June 2007 £'000	6 months to 30 June 2006 £'000	12 months ended 31 December 2006 £'000
Continuing				
Content Creation	Revenue	3,668	2,743	6,966
	Expenses	(3,885)	(2,831)	(7,307)
	Taxation	-	-	(1)
	Minority interests	5	(9)	32
		(212)	(97)	(310)
Central costs	Expenses	(185)	(181)	(221)
Associate	Share of losses	(167)	-	-
Profit / (loss) from continuing activities		(564)	(278)	(531)
Discontinued		**3 months**		
Eastern European Broadcasting	Revenue	908	1,720	3,623
	Expenses	(1,362)	(1,519)	(3,312)
	Exceptional items	(117)	-	-
	Taxation	-	(31)	(22)
	Minority interests	180	(65)	(95)
		(391)	105	194
	Gain on disposal	1,858	-	-
Profit / (loss) from discontinued activities		1,467	105	194
Retained profit / (loss)		903	(173)	(337)

The Group introduced management charges to recover appropriate central costs from operating companies with effect from the full year 2006. The results for the period ended 30 June 2006 have been adjusted to reflect the recovery of management charges on a basis consistent with subsequent practice.

3. Other income

	6 months to 30 June 2007 £'000	6 months to 30 June 2006 £'000	12 months ended 31 December 2006 £'000
Gain on disposal of subsidiaries (note 7)	1,846	-	-
Other gains on disposal of investments	12	-	-
	1,858	-	-

4. Exceptional expenses

The exceptional expenses for the period under review represent reorganisation costs of the Company's Balkan subsidiaries.

5. Tax on profit on ordinary activities

Due to the losses brought forward from the previous period, no provision has been made for U.K. taxation on trading. The Group considers the gain arising from the disposal in the period is exempt from tax. Tax has been provided for on the Group's non-U.K. profits at the appropriate local rate of taxation.

6. Profit / (loss) per ordinary share

The calculations of profit / (loss) per share are based on the following profits / (losses) and numbers of shares:

	6 months ended 30 June 2007		6 months ended 30 June 2006		12 months ended 31 December 2006	
	Profit £'000	**per share p**	**Loss £'000**	**per share p**	**Loss £'000**	**Per share P**
Profit / (loss)						
Profit / loss after taxation	903	1.01	(173)	(0.25)	(337)	(0.48)
Dilutive effect of options	-	-	-	-	-	-
	903	1.01	(173)	(0.25)	(337)	(0.48)

Shares	**No.**	**No.**	**No.**
Weighted average number of shares:			
Basic	89,069,331	68,959,742	69,973,966
Shares under option	4,672,860	564,647	2,265,255
Less non-dilutive	(4,672,860)	(564,647)	(2,265,255)
Diluted	89,069,331	68,959,742	69,973,966

There is no potential dilution of loss per share.

7. Subsidiary undertakings

At 30 June 2007, the Company owned the following subsidiary undertakings:

Subsidiary undertaking	Principal activity	Country of incorporation	% of equity and votes held
Apace Sports Limited	Dormant	England	100%
Pro-Active Projects Limited	Television production	England	90%
Apace Music Limited	Record label and music publishing	England	100%
Steadfast International Limited	Television programme distribution	England	100%
Steadfast Television Limited	Television production	England	75%

The following subsidiaries were disposed of between 8 March 2007 and 12 March 2007 by means of sale to Balkan Media Group Limited ("BMGL"), a newly formed subsidiary of the Company. On 20 March 2007, 50% of BMGL was sold to MTG Broadcasting AB ("MTG") of Sweden. BMGL is accounted for in these financial statements from that date as an associate, as defined by IAS 28. (see note 7)

	Book value 1 January 2007 £'000	**Investment in the period £'000**	**Book value of disposal £'000**
Diema Vision AD	4,531	-	4,531
Television MM OOD	864	10	874
Apace Media Bulgaria EOOD	37	22	59
TV ERA EOOD	466	45	511
Apace Internet Balkans	-	78	78
Acquisition projects	199	-	199
	6,097	155	6,252
Net assets acquired by BMGL			6,252
Disposal of 50% of BMGL to MTG			(3,126)
Book value transferred to associate			3,126
Book value of disposal			(3,126)
Related costs			(493)
			(3,619)
Proceeds of disposal after expenses			5,244
Minority interest eliminated			221
Gain on disposal			1,846

Goodwill

	Cost £'000	Impairment provision £'000	Net book value £'000
Balance brought forward 1 January 2007	8,732	-	8,732
Goodwill arising on the consolidation of Apace Internet Balkans	44	-	44
Overprovision for acquisition expenses Television MM OOD	(2)	-	(2)
Goodwill relating to disposals to associate	(5,345)	-	(5,345)
Balance at 30 June 2007	3,429	-	3,429

8. Associate

The Company owns 50% of the issued share capital of Balkan Media Group Limited ("BMGL"), a company incorporated in England. MTG Broadcasting AB ("MTG"), a company incorporated in Sweden, owns the remaining shares. The shareholders are the parties to a shareholder agreement under which MTG exercises management control of the BMGL subsidiaries. BMGL is consequently accounted for by Apace as an associate in accordance with IAS 28.

	£'000
Net assets transferred from subsidiary undertakings	3,126
Further investment to fund BMGL's acquisition of minority shares in Diema Vision AD	2,078
	5,204
Apace share of losses of associate	(167)
	5,037

9. Share capital

Ordinary shares of 5p each	Number	£'000
Authorised		
1 January 2007 & 30 June 2007	138,500,000	6,925
Issued, called up and fully paid		
1 January 2007 & 30 June 2007	89,069,331	4,453
Deferred shares of 15p each		
Authorised, issued, called up and fully paid		
1 January 2007 & 30 June 2007	22,293,076	3,344
Total share capital at 1 January 2007 and 30 June 2007		7,797

10. Reserves

	Share premium account £'000	Other reserve £'000	Profit & loss account £'000
At 1 January 2007	6,840	1,375	(1,011)
Profit for the period	-	-	903
At 30 June 2007	6,840	1,375	(108)

11. Analysis and reconciliation of net funds

	1 January 2007	Cash flow	30 June 2007
	£'000	£'000	£'000
Cash at bank and cash equivalents	1,525	(795)	730
Borrowings due after one year	(342)	342	-
Net funds	1,183	(453)	730

12. Reconciliation of net cash flow to movements in net funds

	6 months to 30 June 2007	6 months to 30 June 2006	12 months ended 31 December 2006
	£'000	£'000	£'000
Increase / (decrease) in cash in the period	(795)	(1,859)	(2,158)
Cash flow from change in debt	342	-	(342)
	(453)	(1,859)	(2,500)
Net funds at beginning of period	1,183	3,683	3,683
Net funds at end of period	730	1,824	1,183

13. Share based payments

The Company has two option schemes for employees, the “Apace Media plc Employee Share Option Scheme” and the “Apace Media plc Unapproved Share Option Scheme”. All employees are eligible to participate in the schemes.

No share options have been granted or exercised in the period.

14. Transition to IFRS

As stated in the accounting policies note, these are the Group’s first condensed consolidated interim financial statements for part of the period covered by the first IFRS annual consolidated financial statements prepared in accordance with IFRS. However, the accounting policies applied by the Group under UK GAAP, including those in respect of goodwill and share-based payment, have been consistent with those prescribed by IFRS, with the result that no net adjustment to previously reported shareholder equity has resulted from the implementation of IFRS.