



APACEMEDIA

Content Creation & Eastern European Broadcasting

Interim Results

for the half year ended 30th June 2006



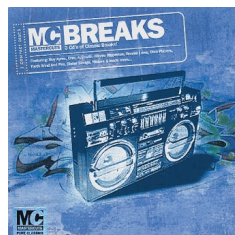
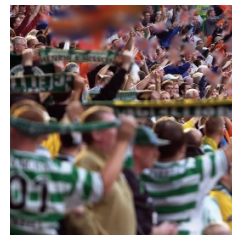
● ● ● **APACEMEDIA**

Apac Media plc is a media group specialising in content creation and Eastern European broadcasting

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Content Creation & Eastern European Broadcasting

A year of great operational achievement





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Headlines

- Turnover up 56% to £4.5m
- EBITDA of £124k
- Pre Tax Loss of £67k

- Eastern European Broadcasting
 - 38% growth in revenues
 - 2 new channels launched
 - key content rights secured
 - new management team operational
- Content Creation
 - 70% growth in revenue
 - 250 hours of content
 - Raft of UK and international new programming
 - Sony/BMG music deal

Utilising pro forma comparative results for six months ended 30 June 2006 as if all company-owned businesses were part of the group throughout the period.



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Profit & Loss

	Six months to June 30th 2006 Actual £'000	Six months * to June 30th 2005 Pro forma £'000	% variance	12 months * to Dec 31st 2005 Pro forma £'000
Turnover	4,464	2,861	+56	5,650
Content creation	2,743	1,609	+70	3,080
Eastern European Broadcasting	1,720	1,252	+38	2,580
EBITDA	124	171	-27	548
Profit/(loss) Before Tax	(67)	50	-	262

* Excl. catalogue sale profits



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Divisional Profit & Loss – 6 months to 30th June 2006

	Content creation £'000	Eastern European Broadcasting £'000
Turnover	2,743	1,720
Gross profit	1,030	857
Admin. expenses	(948)	(639)
Operating profit	82	218
EBITDA	183	340



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Balance sheet

	June 30th 2006 £'000	June 30th 2005 £'000	Dec 31st 2005 £'000
Fixed assets	10,330	3,894	5,128
Net current assets	2,675	2,363	7,414
Net assets	12,800	5,946	12,496
Cash	1,824	2,288	3,683



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Cashflow

Six months to June 30th 2006

£'000

Net cashflow from operating activities	2,015
Returns on investments and servicing of finance	12
Capital expenditure and financial investment	(882)
Acquisitions and disposals	(3,054)
Financing	50
(Decrease) / increase in cash in the period	(1,859)



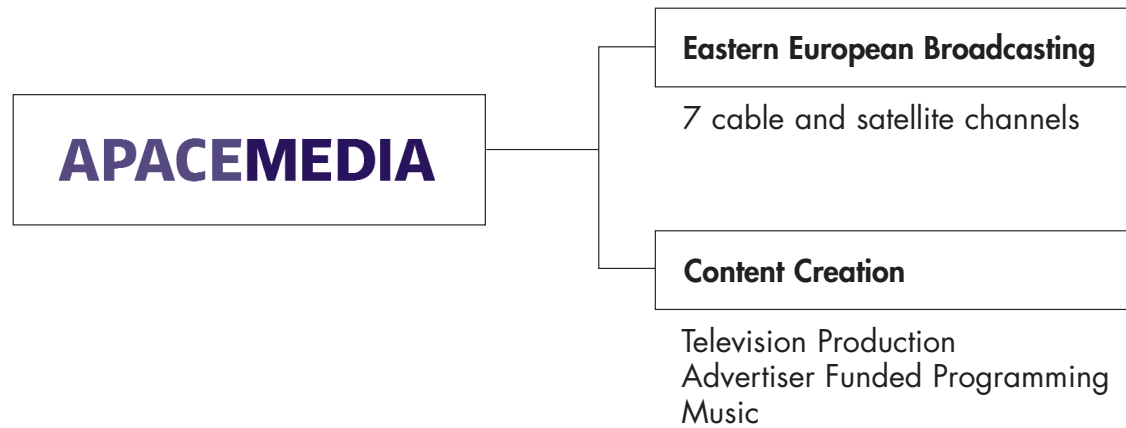
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Operational highlights



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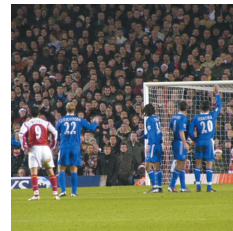
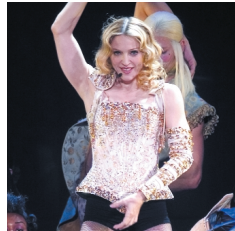
Business activities





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Eastern European Broadcasting



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Eastern European Broadcasting

EBITDA of £0.34 million on turnover of £1.72 million





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Eastern European Broadcasting **Operational Highlights**

- New management in place and operational
- Significant investment during the period e.g.
 - 20% increase in staff
 - Continuing funding of M2, new music channel
 - Preparation for launch of Diema Family
 - Creation of Diema DVD label
 - Expansion of theatrical film activities
- Two new channels now launched
- Key sports and movie rights secured (e.g. Euro 2008)
- Single channel distribution contract
- Combined marketing activities





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Eastern European Broadcasting **Growth Drivers**

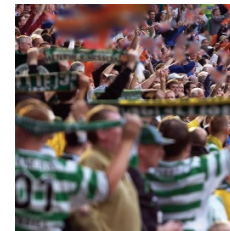
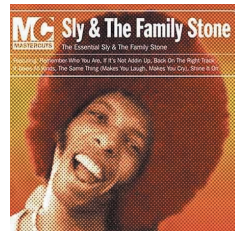
- Economy growing
 - Total ad market growing by 15% per annum
- Continuing efficiencies
- Increased cable rates (more channels, higher quality)
- Improved audience measurement
- Opportunities within Bulgaria for expansion
- Regional opportunities for expansion





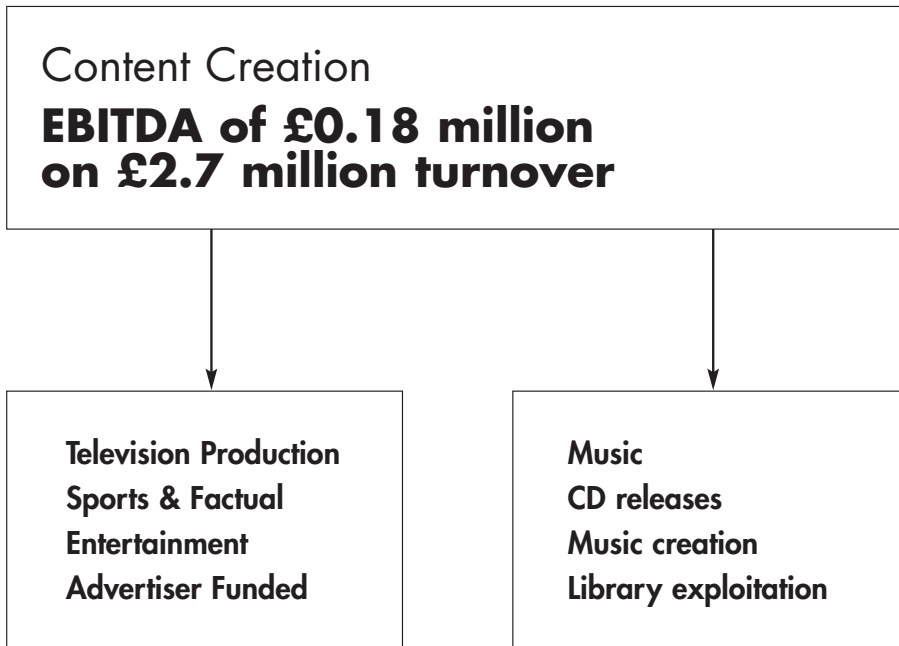
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Content Creation





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Content Creation **Popular Factual, Entertainment and Science**

- Over 250 hours of production in total
- 25 hours of new high quality factual confirmed
 - Fans United (13 x 30 mins)
 - Sky Cops (5 x 60 mins)
 - Identity Fraud (1 x 60 mins)
 - CCTV (2 x 60 mins)
 - Nat Geographic (4 x 60 mins)
 - My Cousin... Factual entertainment pilot for ITV
- ABC integrated with reduced overhead



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Content Creation **Sports**

- Growing strength as sports producer
 - International Rugby Board partner
 - U 19, U21, Seven's & Women's World Cup*
 - Squash, water sports, rallying, archery
 - Continuing high volume deals
 - Fox, Setanta, Sailing Channel, Sky Sport,*
 - 2nd series of Nissan Sports Adventure commissioned (26 x 30)
- Sports operationally now much more efficient
 - Focussed on margin, new premises



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Content Creation **Apace Music**

- Strong annual sales projections
- Expanded UK retail distribution
- Better UK distribution deal
- Growing International retail distribution
- Broadened range of music titles
- Further 250 100% owned tracks
- Expanding into other genres and types of music
- Strategically important Sony BMG catalogue access



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Strategy



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Strategy **Eastern European Broadcasting**

- Accumulate "must-see" content
- Launch additional channels with premium content
- Cross-channel advertising sell
- Increase cable rates
- Acquire further broadcasting assets
- Steadfast East to drive quality, efficiency & programme opportunities



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Strategy **Content Creation**

- Create centres of expertise (e.g. police, science)
- Develop in-house international distribution division
- Production economies of scale
- Establishing out-of-London presence with Steadfast West
- Build content catalogue
- Improve margins in sport
- Expand genres from factual and sport (e.g. entertainment)



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Outlook

Current trading and prospects

- Continuing year-on-year revenue growth
- Full year profitability
- Continuing investment in rights development, infrastructure and strategic opportunities
- Growth prospects strong across all areas of activity

