THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take you should consult your stockbroker, bank manager, solicitor or other independent financial advisor authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your Ordinary Shares please send this document to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Directors, whose names appear on page 5 of this document, accept responsibility for the information contained in this document (save for the information on the Concert Party). To the best of the knowledge and belief of each of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts, and this document makes no omission likely to affect the import of such information.

Didier Stoessel accepts responsibility for the information on the Concert Party contained in this document. To the best of the knowledge and belief of Didier Stoessel (who has taken all reasonable care to ensure such is the case) the information contained in this document on the Concert Party is in accordance with the facts and makes no omission likely to affect the import of such information.

APACE MEDIA PLC

(Incorporated and registered in England and Wales with Registered No. 03848181)

Notice of General Meeting regarding Placing of 50,000,000 ordinary shares at 2p per share, the associated approval of the waiver to be granted by The Panel on Takeovers and Mergers and increase in the authorised share capital

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Seymour Pierce Limited, which is regulated by The Financial Services Authority, is acting as financial advisor exclusively for the Company in connection with the above and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Seymour Pierce Limited or for advising any other person in connection with the above.

Notice of a General Meeting of Apace Media Plc to be held at the office of Seymour Pierce Limited at 20 Old Bailey, London EC4M 7EN at 11.00 a.m on 17 March 2009 is set out at the end of this document. A Form of Proxy for use at the meeting is attached and should be returned to Capita Registrars, Proxy Department, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and in any event so as to be received by 11.00 a.m. on 15 March 2009 being 48 hours before the time appointed for the holding of the meeting.

The Placing Shares have not been, and will not be, registered under the United States Securities Act 1933 (as amended) or under the securities laws of any state of the United States. The Placing Shares may not directly or indirectly, be offered, sold or taken up, delivered or transferred in or into the United States, Canada, Australia, the Republic of Ireland or Japan.

CONTENTS

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

"Acts"	the Companies Acts 1985 (to the extent still in force) and/or the Companies Act 2006 to the extent that its provisions are in force at the date of this document
"AIM"	a market operated by London Stock Exchange
"Apace"	Apace Media Plc
"Apace Television"	Apace Television Limited, (company number: 05987280) a subsidiary of Apace
"Balkan Advisors"	Balkan Advisors EOOD, a Bulgarian corporation having its seat and registered address in Sofia, Sredetz region, 41 Vassil Levski Str., Sofia, Republic of Bulgaria
"BMGL"	Balkan Media Group Limited
"Code" or "City Code"	the City Code on Takeovers and Mergers
"Company"	Apace Media Plc
"Concert Party"	Didier Stoessel and Balkan Advisors and Anatoli Belchev
"Directors" or "Board"	the directors of the Company whose names are set out on page 5 of this document, or any authorised committee thereof
"Form of Proxy"	the form of proxy for use in relation to the GM which accompanies this document
"GM"	the general meeting of the Company convened by the GM Notice
"GM Notice"	the notice convening the GM which is set out on page 51
"Group"	the Company and its subsidiary undertakings
"Independent Directors"	the Directors excluding Didier Stoessel
"Independent Shareholders"	the Shareholders of the Company excluding the Concert Party
"London Stock Exchange"	London Stock Exchange plc
"MTG"	Modern Times Group MTG AB
"Ordinary Shares"	ordinary shares of 1 pence each in the capital of the Company
"Panel"	The Panel on Takeovers and Mergers
"Placing"	the placing of 50,000,000 Ordinary Shares in the Company at the Placing Price
"Placing Price"	2p per share
"Placing Shares"	the 50,000,000 Ordinary Shares being placed pursuant to the Placing

"Resolutions"	the resolutions set out in the GM Notice
"Shareholders"	holders of Ordinary Shares
"Subscriber"	Balkan Advisors EOOD
"UK"	the United Kingdom of Great Britain and Northern Ireland

The term "subsidiary undertakings" as used in these definitions shall have the meaning given in the Acts.

PART I

LETTER FROM THE CHAIRMAN OF APACE MEDIA PLC

Apace Media Plc

(Incorporated and registered in England and Wales with Registered No.03848181)

Directors:
Robert Burke *(Non-executive Chairman)**
Didier Stoessel *(Chief Executive Officer)*
Martin Johnston *(Finance Director)**
Charles Thompson *(Executive Director)**
Michael Morris *(Non-executive Director)**
Anthony Vickers *(Non-executive Director)**
William Vanderfelt *(Non-executive Director)**

*Denotes Independent Directors

Registered Office
LG3 Shepherd's Central
Charecroft Way
London
W14 0EH

27 February 2009

Dear Shareholder,

INTRODUCTION

The Company announced today that it proposes to raise £1 million (before expenses) by means of a placing to the Subscriber of 50,000,000 new Ordinary Shares at the price of 2 pence each.

The purpose of this letter is to notify Shareholders of the Placing and the associated Resolutions to be put to a General Meeting as follows:

- to increase the authorised share capital of the Company;
- to authorise the Directors to issue and allot New Ordinary Shares for the purpose of the Placing; and
- to approve the waiver by the Panel of any requirement under Rule 9 of the Code for the Concert Party to make a general offer to Shareholders.

As a result of the issue of the Placing Shares, the Concert Party's interest in the Company's issued voting share capital (currently 31.1 percent) will increase. As Apace is a company subject to the Code, this would, pursuant to Rule 9 of the Code, ordinarily result in the Concert Party having to make an offer to acquire the remainder of the Ordinary Shares not owned by it. However, as described in further detail below, the Panel will grant a waiver of this obligation subject to the approval of the Independent Shareholders.

The purpose of this document is to set out details of the Resolutions and to explain why your Board considers them to be in the best interests of the Company and its Shareholders as a whole and why it considers that the waiver granted by the Panel should be approved.

Notice of the GM which will be held at 11.00 a.m. on 17 March 2009 is set out at the end of this document.

THE PLACING

The Company is proposing to raise £1 million (before expenses) pursuant to the Placing. The Placing relates to a total of 50,000,000 new Ordinary Shares representing approximately 34.3 percent of the enlarged ordinary share capital of the Company following the Placing. The Placing Shares will rank in full for all dividends declared, paid or made after the date of issue and otherwise *pari passu* with the existing Ordinary Shares.

FUNDING FOR THE PLACING

The Subscriber will draw on a loan facility for 80 percent of the Placing amount. The remaining 20 percent will be drawn from the Subscriber's own resources.

The Subscriber's obligation to subscribe for the Placing Shares is conditional upon:

(a) the continued availability to it of financing from Societe General Expressbank AD, as further described in paragraph 4 of Part III of this document; and

(b) the passing of the Resolutions at the GM.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company has no certainty of receiving significant cash inflows from operations in its two activities in the near future. It may be necessary to make finance available to the Group's content division in order to finance its current production order book and to demonstrate to its suppliers and customers that it has sufficient financial strength. The Company will also need working capital to finance itself. The Board considers that the Placing as proposed is in the best interest of all Shareholders.

RELATED PARTY TRANSACTION

Because Didier Stoessel is a Director of the Company, the Placing to the Subscriber, which is controlled by Didier Stoessel, is deemed a related party transaction pursuant to the AIM rules. The Independent Directors, having consulted with the Company's nominated advisor, Seymour Pierce Limited, consider that the terms of the Placing are fair and reasonable insofar as the Shareholders are concerned.

THE CITY CODE ON TAKEOVERS & MERGERS

Under Rule 9 of the Takeover Code, any person who acquires an interest in shares (as defined in the Takeover Code) which, taken together with shares in which he is already interested and in which persons acting in concert are interested, carry 30 percent or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares. Similarly, where any person, together with persons acting in concert with him is interested in shares which in aggregate carry not less than 30 percent of the voting rights of such company but does not hold shares carrying more than 50 percent of such voting rights, a general offer will normally be required if any further interests in shares are acquired by such person.

During the preparation of this document, the Panel has determined that Anatoli Belchev is a member of the Concert Party. Including his shareholding of 1.7 percent, the Concert Party holding amounts to 31.1 percent of the issued share capital of the Company. Normally this would require the Concert Party to make a general offer to all the remaining shareholders to acquire their shares. However, the Panel have agreed that the Concert Party will not have to make an offer as the Company has made an inadvertent mistake.

Currently Didier Stoessel is interested in 29.3 percent of the issued share capital of the Company. This shareholding is held 24.0 percent under his name and 5.3 percent via Balkan Advisors. Mr Belchev received shares amounting to 1.7 percent of the issued share capital of the Company on 29 April 2008 in lieu of performance related salary/fees for his work as an executive director of Diema, a subsidiary company of BMGL. Mr Belchev is sole officer of Balkan Advisors and acts in an administrative capacity for that company. Although Mr Belchev's powers to commit Balkan Advisors are very limited under Bulgarian law, the Company accepts the Panel's determination that he should be treated as if he were a director under UK law and therefore a "connected person".

The Company has confirmed to the Panel that it was not aware it was in breach of the Takeover Code when the shares were issued to Mr Belchev and have also confirmed that at the AGM on 22 July 2008 the resolutions passed would have been passed even if Mr Belchev had not voted his shares. Mr Belchev voted in favour of the resolutions independently from Didier Stoessel.

Mr Belchev will not vote his shares in relation to Resolution 3.

In the event that Resolution 3 is not passed the Company and the Concert Party have confirmed to the Panel that they will discuss with the Panel what actions may need to be taken to reduce the Concert Party's holding to below 30 percent.

An offer under Rule 9 must be in cash and at the highest price paid for any interest in the shares by the person required to make an offer, or any person acting in concert with him, during the 12 months prior to the announcement of the offer.

Didier Stoessel and Balkan Advisors and Anotoli Belchev are deemed to be acting in concert for the purposes of the Code. The Concert Party currently holds 29,797,533 Ordinary Shares representing 31.1 percent of the issued share capital of the Company and Shareholders should note that, if the Placing is completed, then the Concert Party would hold 79,797,533 Ordinary Shares, representing 54.72 percent of the then issued voting share capital of the Company and the Concert Party may accordingly increase their aggregate interest in shares in the Company without incurring any obligation under Rule 9 of the Code to make a general offer. If their shareholding drops below 50 percent but they remain interested in over 30 percent, then they will be unable to increase their aggregate or individual shareholding to an extent which increases their percentage of the voting rights in the Company without triggering an offer obligation, save with the consent of the Panel.

The Panel has agreed, subject to the approval of Independent Shareholders at the General Meeting voting on a poll, to waive the obligation for the Concert Party to make a general offer to Shareholders under Rule 9 that would otherwise arise as a result of the issue of the Placing Shares. Accordingly, Resolution 3 is being proposed at the GM and will be taken on a poll. The Concert Party will not be entitled to vote on this Resolution.

If the Resolutions are approved by Independent Shareholders, the Concert Party have confirmed that the business of the Company will continue in substantially the same manner as at present with no major strategic changes. The Concert Party have confirmed that the existing employment contracts, including the pension rights, of all remaining employees of the Company will be fully safeguarded and that there will be no material change to the business activities of the Company. The Concert Party have no intentions regarding the redeployment of fixed assets of the Company or for the relocation of the Company's businesses.

If the Placing is completed, the Concert Party's influence on the Company may be substantial. This influence may impact on the operation and business strategy of the Company and over all matters requiring the approval of the Shareholders. The Concert Party will be able, amongst other things, to pass ordinary resolutions, appoint or remove directors and control the Company's dividend policy.

INFORMATION ON DIDIER STOESSEL

Didier Stoessel (Chief Executive, aged 45) spent over 10 years in investment banking, starting his career with Merrill Lynch International in London. Didier joined HSBC Investment Bank in 1997 and became its Chief Executive – Corporate Finance in 1999. He left in 2002 and founded the Apace Group.

Since the foundation of the Apace Group, Didier has instigated and overseen the overall strategy of the Group's acquisitions and investments, including the Group's broadcasting interests in the Balkans, and continues to devise and implement this strategy both in the UK and internationally.

Didier Stoessel's date of birth is 30 September 1963 and his address is at 70, Kenyon Street, Fulham, London SW6 6LB.

INFORMATION ON BALKAN ADVISORS

Balkan Advisors was incorporated on 21 September 2005. It is an investment and consultancy company 100 percent owned by Didier Stoessel. The company's aim is to provide strategic consultancy services to investors in the Balkans and it invests its resources in Balkan based companies and real estate projects. To date the company has only invested on behalf of Didier Stoessel and provided consultancy services to the Company. As at 31 December 2007 it had net assets of around £435,000 and net profits for 2007 of around £72,600.

Anatoli Belchev is the sole officer of Balkan Advisors.

INFORMATION ON ANATOLI BELCHEV

Anatoli Belchev (the sole officer of Balkan Advisors, age 47) spent more than 13 years in financial consulting with Deloitte in the Balkan region. In 2001 Anatoli was appointed as the Deloitte Corporate Advisory Director in charge of Bulgaria with responsibilities covering five Balkan countries.

In 2006 after leading the Deloitte team advising Apace on its Balkan acquisitions, Anatoli was recruited to support the Group in the implementation of its expansion strategy in the Balkan region.

Anatoli joined the Board of Diema, then a subsidiary of Apace, in May 2006. He joined the Board of TV Era DOOEL, then a subsidiary of Apace, in November 2006.

Anatoli Belchev's date of birth is 22 February 1961 and his present address is 31 Dondukov Blvd, Sofia 1000, Bulgaria.

CURRENT TRADING

The following are extracts from the trading update made on 6 February 2009:

"The Company, similar to all media groups, is currently experiencing uncertain business and economic conditions in the two divisions through which it operates. As mentioned in the Interim Statement, the directors expect a small loss on operations in the second half of 2008 but for the Group to report a small profit for the full year.

Some of our content businesses have performed ahead of expectations and others below expectations but despite this and the recent insolvencies in the music distribution and retail sectors the division's overall results will be in line with management expectations.

The recent insolvencies in the music distribution and retail sectors have affected Apace Music Limited but the company is continuing to trade with the support of its creditors. A meeting of creditors on 5 February 2009 approved the establishment of a Company Voluntary Arrangement, under which the company proposed to make reduced payments to CVA creditors during 2009 in full settlement of their claims. An accounting provision reflecting the impact on this business has been made.

The directors have explored options from time to time to increase the critical mass of the Group's content business and will continue to investigate suitable opportunities.

Apace has benefited from a strong performance by BMGL in 2008 as well as from the strong Euro.

The directors are currently negotiating with MTG, the Company's joint venture partner, to combine BMGL with MTG's 100 percent owned terrestrial channel. The directors believe that these negotiations are likely to result in Apace holding a small minority of the enlarged group subject to a revised shareholder agreement."

The Company is incorporated in the UK. In order to reflect the international nature of the Company's businesses and to protect the Company and its Shareholders from taxation which might otherwise arise from changes such as those referred to above, the Board of Apace has been advised and the Directors have resolved to relocate the effective management and hence the tax residence of the parent company, Apace Media plc, to Luxembourg. This action does not result in any changes in the day-to-day conduct of the Company's subsidiaries.

GENERAL MEETING

The attached notice of the General Meeting of the Company to be held at 11.00 am on 17 March 2009 at the offices of Seymour Pierce, 20 Old Bailey, London, EC4M 7EN, sets out the Resolutions to be proposed at the GM as follows:

1. An ordinary resolution to increase the authorised share capital of the Company and to allot relevant securities.
2. A special resolution to grant the Directors authority to allot equity securities pursuant to the Placing and for cash pursuant to the authority conferred on them by Resolution 1 as if Section 89(1) of the Act did not apply for such allotment.
3. An ordinary resolution to be passed on a poll to approve the waiver from the Panel referred to above of the obligation for the Concert Party to make a general offer to Shareholders under Rule 9, which would otherwise arise as a result of the Placing.

ACTION TO BE TAKEN

A Form of Proxy for use in connection with the GM accompanies this document. The Form of Proxy should be completed in accordance with the instructions thereon and returned to the Company's registrars, Capita Registrars, Proxy Department, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible, but in any event so as to be received by 11.00 a.m. on 15 March 2009. The completion and return of a Form of Proxy will not preclude Shareholders from attending the GM and voting in person should they so wish.

The Concert Party is disenfranchised from voting on Resolution 3 at the GM.

RECOMMENDATION

If the Placing were not to proceed then it is likely that the Company would encounter financial difficulty and not be able to execute its business plan.

The Directors unanimously recommend that you vote in favour of Resolutions 1 and 2 to be proposed at the GM, as they intend to do in respect of their own beneficial holdings amounting in aggregate to 35,723,078 Ordinary Shares, representing approximately 37.3 percent of the existing issued ordinary share capital of the Company.

The Independent Directors, who have been so advised by Seymour Pierce Limited, consider that the Placing and the securing of the waiver of the Concert Party's obligation to make a general offer for the Company, which would otherwise arise under Rule 9 of the Code, are fair and reasonable and in the best interests of the Company and the Independent Shareholders as a whole. In providing advice to the Independent Directors, Seymour Pierce has taken into account the Independent Directors' commercial assessments.

The completion of this fundraising is important for the continuation of the Company and, accordingly, the Independent Directors unanimously recommend that Shareholders vote in favour of Resolution 3, to be proposed at the GM, as they intend to do in respect of their own beneficial holdings amounting in aggregate to 7,589,745 Ordinary Shares representing approximately 7.9 percent of the existing issued ordinary share capital of the Company.

Yours sincerely

Robert Burke
Non-executive Chairman

PART II

FINANCIAL INFORMATION ON THE COMPANY

Basis of financial information

The financial information contained in this document does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 (as amended). Apace was incorporated in 1999. The financial information for the years ended 31 December 2005, 31 December 2006 and 31 December 2007 has been extracted, without material adjustment, from the audited consolidated financial statements of Apace Media Plc for those years. Copies of the financial statements for these three periods have been delivered to the Registrar of Companies in England and Wales.

Rawlinson & Hunter, Chartered Accountants, of 6 New Street Square, London EC4A 3AQ have made a report under section 235 of the Act in respect of the financial statements for the years ended 31 December 2005, 31 December 2006 and 31 December 2007. The reports under section 235 of the Act were unqualified and did not contain a statement under section 237(2) or (3) of the Act, nor was there any requirement for the auditors to make any disclosure under section 237 (4) of the Act.

The financial statements for these three years have been prepared in accordance with applicable law and the Directors of Apace Media Plc accept responsibility for them.

The interim results for the six months ended 30 June 2008 are unaudited.

CONSOLIDATED PROFIT & LOSS ACCOUNT
for the three years ended 31 December 2005, 2006 and 2007 and for the 6 months ended 30 June 2008

	Notes 31 Dec 2007 £'000	*Unaudited Six months ended 30 June 2008 £'000 IFRS*	*Year ended 31 Dec 2007 £'000 IFRS*	*Year ended 31 Dec 2006 £'000 IFRS*	*18 months ended 31 Dec 2005 £'000 UK GAAP*
Continuing operations					
Revenue	1	6,385	8,059	6,966	1,986
Cost of sales		(4,140)	(5,288)	(4,326)	(1,112)
Gross profit		2,245	2,771	2,640	874
Other income	2	–	20	–	59
Administrative expenses					
Exceptional	5	(130)	(3,283)	(78)	(135)
Normal		(2,064)	(4,068)	(3,258)	(1,338)
Operating loss and loss on ordinary activities before interest		51	(4,560)	(696)	(540)
Finance costs	3	–	(30)	(2)	(16)
Finance income	3	24	118	100	60
Share of profit/(loss) of associate	15	385	(760)	–	–
Profit/loss on ordinary activities before income tax 4		460	(5,232)	(598)	(496)
Income tax expense on ordinary activities	9	–	(16)	(1)	(11)
Profit/loss on ordinary activities after income tax from continuing operations		460	(5,248)	(599)	(507)
Discontinued operations					
Net profit from discontinued operations	10	–	1,461	289	–
Profit/loss for the period		460	(3,787)	(310)	(507)
Attributable to:					
Shareholders' equity	25, 33	382	(3,575)	(377)	(559)
Minority interest		78	(212)	67	52
		460	(3,787)	(310)	(507)
Earnings per share					
From continuing operations					
Basic and diluted (pence)	8	0.41	(5.89)	(0.86)	(3.37)
From continuing and discontinued operations					
Basic and diluted (pence)	8	0.41	(4.26)	(0.44)	(3.37)

All recognised gains and losses are included in the income statement.

CONSOLIDATED BALANCE SHEET
as at 31 December 2007

	Notes	*31 December 2007 £'000*
Assets		
Non-current assets		
Property, plant and equipment	11	479
Intangible assets	12	940
Goodwill	13	2,633
Investments in subsidiary undertakings	14	–
Investment in associate	15	4,585
Available for sale financial assets	16	481
Investments – acquisition projects	17	520
		9,638
Current assets		
Inventories	18	1,069
Trade and other current receivables	19	3,122
Cash and cash equivalents		555
Total current assets		4,746
Total Assets		14,384
Liabilities		
Non-current liabilities		
Trade and other payables	21	–
Deferred tax liabilities	22	65
Total non-current liabilities		65
Current liabilities		
Trade and other current payables	20	3,090
Total current liabilities		3,090
Total liabilities		3,155
Net assets		11,229
Capital and reserves		
Called up share capital	23	7,797
Share premium	25	6,840
Other reserve	25	1,375
Shares to be issued	24	49
Retained earnings	25	(4,652)
Equity shareholders' funds		11,409
Minority interests		(180)
Capital employed		11,229

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2007

	Notes	*Year ended 31 December 2007 £'000*
Cash flows from operating activities		
Cash generated from operations	26	838
Interest paid	3	(30)
Net cash generated from operating activities		808
Purchase of subsidiary undertakings		(93)
Proceeds from disposal of subsidiary undertaking		5,498
Costs relating to the disposal of subsidiary undertaking		(529)
Investment in associate		(2,157)
Cash acquired with acquisition of subsidiary undertakings		–
Cash disposed of with disposal of subsidiary undertakings		(348)
Purchase of tangible fixed assets	11	(185)
Disposal of tangible fixed assets		–
Purchase of intangible fixed assets	12	(223)
Purchase of investment property		(324)
Purchase of available for sale financial assets		(602)
Proceeds from disposal of available for sale financial assets		345
Investment in TV Arberia (Albania)		(753)
Investment project work in progress		(716)
Interest received		75
Net cash used in investing activities		(12)
Proceeds from issue of ordinary shares		–
Related expenses		–
Loan to TV Arberia (Albania)		(1,763)
Net loan repayment by associate		386
Bank borrowings drawn/(eliminated)		(342)
Proceeds from issue of shares in subsidiaries to minority interests		23
Dividends paid – minority interest		(70)
Net cash generated from financing activities		(1,766)
Net decrease in cash, cash equivalents and bank overdrafts		(970)
Cash, cash equivalents and bank overdrafts at beginning of the year		1,525
Cash, cash equivalents and bank overdrafts at the end of the period		555

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2007

Group	*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
Prior year amortisation adjustment on IFRS adoption	–	–	–	(26)	–	(26)
At 1 January 2006 restated under IFRS	6,792	4,990	1,375	(700)	–	12,457
Share placing	1,000	1,836	–	–	–	2,836
Shares as compensation for loss of office	5	14	–	–	–	19
Loss for period – restated	–	–	–	(377)	–	(377)
Movement in period	–	–	–	–	18	18
31 December 2006	7,797	6,840	1,375	(1,077)	18	14,953
Loss for period	–	–	–	(3,575)	–	(3,575)
Movement in period	–	–	–	–	31	31
31 December 2007	7,797	6,840	1,375	(4,652)	49	11,409

STATEMENT OF ACCOUNTING POLICIES
for the year ended 31 December 2007

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

Companies legislation and Accounting Standards

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use by the European Union ("IFRS"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations and the Companies Act 1985 applicable to companies reporting under IFRS. These are the first financial statements which the Company has prepared under IFRS. A reconciliation of profit and total equity under UK GAAP and IFRS and notes of principal adjustments under IFRS are shown in note 33.

Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the preparation of the financial statements. The estimates and assumptions that have a significant risk of causing material adjustment are discussed below:

(a) ***Impairment testing of goodwill***

The Group tests annually whether goodwill has suffered any impairment in accordance with the Goodwill accounting policy. The recoverable amounts of cash-generating units have been determined using value-in-use calculations. Details of the impairment review are provided in note 13.

(b) ***Revenue recognition***

In making its judgement of when to recognise revenue, management have applied the detailed criteria for the recognition of revenue from the sale of goods and rendering of services as detailed in IAS 18.

Going concern

The going concern basis has been used to prepare the financial statements of the Company and the Group for the year ended 31 December 2007.

The Group had net assets of £11,229,000 as at 31 December 2007 (2006: £15,269,000). The directors consider that the going concern basis is appropriate on the grounds that there is sufficient cash to meet the Company's liabilities as they fall due over the twelve months from the date of approval of these statements.

Basis of consolidation

The financial statements of the Group include the results of the Company and all of its subsidiary and associate undertakings.

No profit and loss account is prepared for the Company, as permitted by Section 230 of the Companies Act 1985. The Company made a loss for the year of £2,462,000 (2006: profit of £86,000).

Business combinations

The results of subsidiary undertakings are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. Accounting policies of the subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All business combinations are accounted for by using the acquisition accounting method. This involves recognising identifiable assets and liabilities of the acquired business at fair value. Goodwill represents the excess of the fair value of the purchase consideration for the interests in subsidiary undertakings over the fair value to the Group of the net assets and any contingent liabilities acquired.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into sterling at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into sterling at average annual exchange rates. Foreign exchange differences arising on retranslation are recognised directly in a separate translation reserve within equity.

Minority interests represent the portions of profit or loss and net assets of subsidiaries that are not held by the Group and are presented separately within equity in the consolidated accounts.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20 percent and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Revenue recognition

Turnover comprises sales of goods and services after deduction of discounts and VAT. It does not include sales between group companies.

Turnover is recognised when the risks and rewards of the underlying products and services have been substantially transferred to the customer. Revenue from services is recognised as the services are performed.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at the balance sheet date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Exchange gains and losses are recognised in the income statement.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on the acquisition of subsidiaries is disclosed separately. Goodwill on the acquisition of associates is included in ‘investments in associates’ and is reviewed for impairment at least annually. More regular reviews are performed if events indicate that they are necessary.

Goodwill is allocated on acquisition to cash-generating units that are anticipated to benefit from the combination. It is not amortised but is reviewed annually for impairment. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. This estimate of recoverable amount is performed at each balance sheet date. The estimate of recoverable amount requires significant judgement, and is based on a number of factors such as the near-term business outlook for the cash generating unit, including both its operating profit and operating cash flow performance. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised.

Intangible fixed assets

The Group recognises any specifically identifiable intangible assets separately from goodwill. Intangible fixed assets are stated at cost less accumulated amortisation and impairment losses. Amortisation of intangible assets is charged to administrative expenses in the income statement on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

Music catalogue:	20 years
Other music rights:	3 years or, if less, the life of the rights
Film and sports rights:	over the life of the rights

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairments in value.

Depreciation is provided on a straight-line or reducing balance basis to write off the cost, less their estimated residual value over their estimated useful lives. Estimated useful lives are as follows:

Leasehold improvements:	15% p.a. or the length of the lease
Office equipment:	between 5 and 8 years
Computer equipment:	3 years

Property, plant and equipment is subject to review for impairment if triggering events or circumstances indicate that it is necessary. Any impairment is charged to the income statement as it arises.

Investments – acquisition projects in progress

Acquisition projects in progress held as fixed assets are stated at cost less provision for impairment in value, if any.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Gains or losses arising from changes in fair value are presented in the income statement within “exceptional administrative expenses”.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group’s UK cash management facility are netted against credit balances in the same facility and are included as a component of cash equivalents for the purposes of the cash flow statement.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at an amount equal to the best estimate of the expenditure required to settle the Group's liability.

Inventory and work in progress

Inventory and work in progress are valued at the lower of cost and net realisable value. Cost represents direct costs incurred and, where appropriate, a proportion of attributable overheads. Inventory is accounted for on a first-in, first-out basis. Provision is made for slow moving and obsolete items based on an assessment of technological and market developments and on an analysis of historic and projected usage.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is provided in full using the balance sheet liability method for all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured using currently enacted or substantively enacted tax rates.

Deferred tax assets are recognised to the extent that the temporary difference will reverse in the foreseeable future and that it is probable that future taxable profit will be available against which the asset can be utilised.

Share based payments

The Group issues equity settled share-based awards to certain employees. A fair value for the equity settled share award is measured at the date of grant. The Group measures the fair value using the valuation technique most appropriate to value each class of award.

The fair value of the award is recognised as an expense over the vesting period on a straight-line basis, after allowing for an estimate of the proportion of share awards that will eventually vest. The level of vesting is reviewed annually; and the charge is adjusted to reflect actual or estimated levels of vesting with the corresponding entry to equity.

Financial instruments

In relation to the disclosures made in note 27:

- Short term debtors and creditors are not treated as financial assets or financial liabilities except for the currency disclosures; and
- The Company does not hold or issue derivative financial instruments for trading purposes.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as non-current assets of the Group at their fair value at the date of commencement of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments relating to operating leases are charged to the income statement on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

1. Segmental reporting

The Group has two business segments, which are separately managed and which have very different business risks and returns. The Board regards this segmentation as its primary format for segmental reporting and geographical segmentation as its secondary format.

Primary reporting format – business segments

	Eastern European Broadcasting		*Content Creation*		*Unallocated*		*Group*	
	2007	*2006*	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Continuing operations								
Revenue								
External sales	–	–	8,059	6,966	–	–	8,059	6,966
Inter-segment sales	–	–	–	–	–	–	–	–
	–	–	8,059	6,966	–	–	8,059	6,966
Segment operating result	–	–	(778)	(304)	(3,782)	(392)	(4,560)	(696)
Interest expense	–	–	(30)	(2)	–	–	(30)	(2)
Interest income	–	–	1	–	117	100	118	100
Share of loss of associate	(760)	–	–	–	–	–	(760)	–
Loss before tax	(760)	–	(807)	(306)	(3,665)	(292)	(5,232)	(598)
Income tax	–	–	(16)	(1)	–	–	(16)	(1)
Loss for the year from continuing operations	(760)	–	(823)	(307)	(3,665)	(292)	(5,248)	(599)
Discontinued operations								
Revenue								
External sales	902	3,622	–	–	–	–	902	3,622
Inter-segment sales	–	–	–	–	–	–	–	–
	902	3,622	–	–	–	–	902	3,622
Segment operating result	(550)	366	–	–	–	–	(550)	366
Interest expense	(23)	(55)	–	–	–	–	(23)	(55)
Interest income	–	–	–	–	–	–	–	–
Profit on disposal of operation	2,034	–	–	–	–	–	2,034	–
Profit before tax	1,461	311	–	–	–	–	1,461	311
Income tax	–	(22)	–	–	–	–	–	(22)
Profit for the year from discontinued operations	1,461	289	–	–	–	–	1,461	289
Profit/(Loss) attributable to minority interests	(181)	99	(31)	(32)	–	–	(212)	67
Profit/(Loss) attributable to equity shareholders	882	190	(792)	(275)	(3,665)	(292)	(3,575)	(377)

	Eastern European Broadcasting		*Content Creation*		*Unallocated*		*Group*	
	2007	*2006*	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Other information								
Segment assets	–	3,595	4,945	4,673	4,854	10,915	9,799	19,183
Investment in equity accounted associate	4,585	–	–	–	–	–	4,585	–
Total assets	4,585	3,595	4,945	4,673	4,854	10,915	14,384	19,183
Segment liabilities	–	1,737	2,696	1,734	459	443	3,155	3,914
Total liabilities	–	1,737	2,696	1,734	459	443	3,155	3,914
Capital expenditure	159	969	247	264	2	58	408	1,291
Depreciation	73	245	91	92	36	30	200	367
Amortisation of intangibles	34	78	235	175	–	–	269	253

Secondary reporting format – geographic segments

	Revenue		*Segment assets*		*Capital Expenditure*	
	2007	*2006*	*2007*	*2006*	*2007*	*2006*
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Continuing operations						
Content Creation						
UK & Ireland	5,612	4,032	4,945	4,673	247	264
Rest of Europe	1,041	1,344	–	–	–	–
Rest of the World	1,406	1,590	–	–	–	–
Total Content Creation	8,059	6,966	4,945	4,673	247	264
Unallocated	–	–	4,854	10,915	2	58
Total continuing operations	8,059	6,966	9,799	15,588	249	322
Discontinued operations						
Eastern European Broadcasting						
Rest of Europe	902	3,622	–	3,595	159	969
Investment in equity accounted associate	–	–	4,585	–	–	–
	8,961	10,588	14,384	19,183	408	1,291

Analysis of revenue by category

	2007	*2006*
	£'000	*£'000*
Revenue		
Continuing operations	8,059	6,966
Discontinued operations	902	3,622
	8,961	10,588

2. Other income

Other income comprises the net revenue from disposal of investments in quoted securities.

3. Finance income and costs

	2007 £'000	2006 £'000
Finance income – all continuing		
Interest income on short-term bank deposits	66	64
Other interest income	52	36
	118	100
Finance costs		
Continuing operations		
Interest cost to banks	29	2
Other interest cost	1	–
	30	2
Discontinued operations	13	56
	43	58

4. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2007 £'000	2006 £'000
Depreciation of property, plant and equipment	200	367
Amortisation of intangibles (2006 – restated)	269	253
Operating lease rentals and hire of plant and machinery		
– land & buildings	92	217
– equipment hire	10	34
Auditors' remuneration for audit services	40	40
Auditors' remuneration for non-audit services		
– audit of subsidiaries	25	30
– tax compliance	18	20
Foreign exchange differences	11	29

5. Exceptional administrative expenses

The charge for the year relates to:

	2007 £'000	2006 £'000
Provisions against investment in Albanian project	2,755	–
Provision for related legal expenses	106	–
Aborted investment projects written off	212	–
Revaluation of investments held for resale	120	–
Provision for settlement of litigation	90	–
Severance costs on closure of business	–	78
	3,283	78

The Company invested in a national terrestrial broadcaster in Albania, TV Arberia (TVA), during the year and made substantial loans to TVA. In October 2007, the regulatory authority in Albania suspended TVA's broadcasting licence. The Company continued to invest in order to have the suspension revoked but, due to the considerable degree of uncertainty regarding the future of TVA, the Company withdrew its support at the end of November. The Company's investments in and loans to TVA are fully provided against in the year.

6. Staff costs

The average monthly number of staff (including executive directors) during the year was 98 (2006: 191). Their aggregate remuneration comprised:

	2007 *£'000*	*2006* *£'000*
Wages and salaries	2,464	2,057
Severance/termination payments	–	78
Social security costs	265	264
	2,729	2,399

7. Directors' remuneration

Details of directors' remuneration are shown in the report of the directors.

8. Loss per ordinary share

The calculations of loss per share are based on the following losses and numbers of shares:

	2007 *Loss* *£'000*	*2007* *per share* *p*	*2006* *Loss* *£'000*	*2006* *per share* *p*
Loss				
Loss after taxation from continuing operations	(5,248)	(5.89)	(599)	(0.86)
Loss after taxation from continuing and discontinued operations	(3,787)	(4.26)	(310)	(0.44)
	Number		*Number*	
Shares				
Weighted average number of shares				
Basic and diluted	89,069,331		69,973,966	

9. Taxation on loss on ordinary activities

The Company's accounting policy for taxation is set out on page 20.

Analysis of charge in the period

	2007	*2006*
	£'000	*£'000*
Current tax on continuing activities (see below)	(2)	5
Deferred tax (note 22)	(14)	(6)
Income tax expense on ordinary activities	(16)	(1)
Profit/(Loss) before tax:		
Continuing operations	(5,232)	(598)
Discontinued operations	1,461	311
Loss before tax	(3,771)	(287)
Continuing		
Loss before tax	(5,232)	(598)
Tax at 30% (2006 – 30%) on loss on ordinary activities	(1,570)	(179)
Effects of:		
Expenses not deductible for tax purposes	445	11
Depreciation in excess of capital allowances	7	–
Utilisation of tax losses	–	(3)
Tax losses carried forward	1,116	187
Foreign tax consolidation adjustments	–	(11)
Current tax on continuing activities	(2)	5
Discontinued		
Profit before tax	1,461	311
Tax at 30% (2006 – 30%) on profit on ordinary activities	438	93
Effects of:		
Gain not taxable	(438)	–
Foreign tax consolidation adjustments	–	(71)
Tax charge for discontinued activities (note 10)	–	22

No deferred tax asset as a result of the tax losses available for offset against future taxable profit is recognized in these financial statements.

10. Discontinued operations

Analysis of income statement result:

	2007	*2006*
	£'000	*£'000*
Revenue	902	3,622
Expenses	(1,475)	(3,311)
Profit before tax of discontinued operations	(573)	311
Income tax expense (note 9)	–	(22)
Profit after tax of discontinued operations	(573)	289
Gain on disposal (note 14)	2,034	–
Profit from discontinued activities	1,461	289

11. Property, plant and equipment

Group

	Leasehold improvements £'000	*Fixtures, fittings & equipment £'000*	*Motor vehicles £'000*	*Total £'000*
Cost				
At 1 January 2007	509	2,363	154	3,026
Disposed to associate	(453)	(1,288)	(138)	(1,879)
Additions	17	168	–	185
Disposals	–	(45)	(16)	(61)
At 31 December 2007	73	1,198	–	1,271
Depreciation				
At 1 January 2007	(103)	(1,271)	(82)	(1,456)
Disposed to associate	106	636	72	814
Charge for the period	(31)	(164)	(5)	(200)
Eliminated on disposal	–	35	15	50
At 31 December 2007	(28)	(764)	–	(792)
Net book value				
31 December 2007	45	434	–	479
31 December 2006	406	1,092	72	1,570

12. Intangible fixed assets

Group

	Music rights £'000	*Film rights £'000*	*Other intangible assets £'000*	*Total £'000*
Cost				
At 1 January 2007 – as previously reported	474	1,143	54	1,671
Capitalised on implementation of IFRS	796	–	–	796
At 1 January 2007 – restated	1,270	1,143	54	2,467
Additions	172	51	–	223
Disposed to Associate	–	(1,194)	(54)	(1,248)
At 31 December 2007	1,442	–	–	1,442
Depreciation				
At 1 January 2007 – as previously reported	(201)	(91)	(36)	(328)
Arising on implementation of IFRS	(66)	–	–	(66)
At 1 January 2007 – restated	(267)	(91)	(36)	(394)
Charge for the period	(235)	(33)	(1)	(269)
Disposed to Associate	–	124	37	161
At 31 December 2007	(502)	–	–	(502)
Net book value				
31 December 2007	940	–	–	940
31 December 2006 – restated (note 33)	1,003	1,052	18	2,073

13. Goodwill

Group

	Goodwill
	£'000
Cost	
At 1 January 2007 – as previously reported	8,732
Transfer to Intangible assets on implementation of IFRS	(796)
At 1 January 2007 restated	7,936
Additions	80
Disposals (below)	(5,383)
At 31 December 2007	2,633
Amortisation	
At 1 January 2007	–
Charge for the period	–
At 31 December 2007	–
Net book value	
31 December 2007	2,633
31 December 2006 – restated (note 33)	7,936

Purchased goodwill arising on the acquisition of subsidiary undertakings is capitalised and accounted for in accordance with the accounting policy for business combinations and goodwill on pages 17, 18 and 19.

Goodwill comprises:

	£'000
At 1 January 2007 – as previously reported	8,732
Transfer to Intangible assets on implementation of IFRS	(796)
Additions in the year:	
– Apace Media Bulgaria	22
– Apace Internet Balkans	61
– Televizia MM OOD	(3)
Disposal in the year:	
– Sale of Balkan subsidiaries to Balkan Media Group Ltd	(5,383)
Net book value at 31 December 2007	2,633

The directors have reviewed goodwill and do not consider an impairment charge to be necessary. Goodwill outstanding at the year-end is attributable to the Group's UK Content Creation business. Based on a multiple of three times budgeted EBITDA for 2008 and other considerations, the Board believes that the value at which goodwill is stated in the consolidated accounts is justified.

14. Investments in subsidiary undertakings

	Company 2007 £'000	Company 2006 £'000
At 1 January 2007	10,260	4,940
Acquisitions:		
Televizia MM OOD	–	286
Diema Vision AD	–	4,531
Apace Media Bulgaria EOOD	20	37
TV ERA DOOEL Skopje	45	466
Apace Internet Balkans EAD	78	–
Disposals:		
Sale of Balkan subsidiaries to Balkan Media Group Ltd	(6,040)	–
	4,363	10,260

At 31 December 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 Television Limited	Television production	England	75%
Steadfast International Limited (formerly Apace Branded Content Limited)	Television programme distribution	England	100%

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 percent of BMGL was sold to MTG Broadcasting AB ("MTG") of Sweden. Under the shareholders' agreement between the Company and MTG, management control of BMGL is granted to MTG and BMGL is therefore accounted for in these financial statements from that date as an associate, as defined by IAS 28 (see note 15).

	Book value 1 January 2007 £'000	*Investment in the period £'000*	*Book value of disposal £'000*
Diema Vision AD	4,531	–	4,531
Televizia MM OOD	851	10	861
Apace Media Bulgaria EOOD	37	22	59
TV ERA DOOEL Skopje	466	143	609
Apace Internet Balkans EAD	–	78	78
	5,885	253	6,138
Net assets acquired by BMGL			6,138
Disposal of 50% of BMGL to MTG (note 15)			(3,069)
Book value transferred to associate			3,069
Book value of disposal			(3,069)
Related costs			(350)
			(3,419)
Proceeds of disposal after expenses			5,231
Minority interest eliminated			222
Gain on disposal (note 10)			2,034

15. Investment in associate undertaking

Associate undertaking	*Principal activity*	*Country of incorporation*	*% of equity held*
Balkan Media Group Limited	Holding company for media businesses in Bulgaria and Macedonia	England	50%

	£'000
Book value transferred from subsidiary undertakings (note 14)	3,069
Acquisition of remaining minority shares in Diema Vision AD	2,078
Acquisition of remaining minority shares in Television MM OOD	15
Further costs capitalised	183
	5,345
Share of associate's losses	(760)
At 31 December 2007	4,585

Details of the transfer of the Group's Balkan subsidiary undertakings to the Group's associate undertaking are given in note 14. The results of the associate and its aggregated assets and liabilities for the year are as follows:

Aggregate amounts relating to associates:

	2007 £'000	*2006 £'000*
Assets	6,948	–
Liabilities	7,801	–
Revenues	4,223	–
Loss for the year	(1,826)	–

16. Available for sale financial assets

	Group	
	2007 £'000	*2006 £'000*
Investment in quoted shares	187	–
Investment property	294	–
	481	–

Available for sale financial assets are held at fair value, being the mid-market price for quoted equities and cost less provision for impairment for investment property.

17. Investments – acquisition projects

	Group 2007 £'000	2006 £'000
East European media projects	2	196
Costs relating to investment in Albania	–	239
Interest in Bulgarian broadcasting licence	518	–
	520	435

Since the end of the year the Bulgarian licence has been transferred into Balkan Media Group Ltd in consideration of a matching investment by MTG.

18. Inventories

	Group 2007 £'000	2006 £'000
Work in progress	484	350
Finished goods and goods for resale	585	499
	1,069	849

19. Trade and other current receivables

	Group 2007 £'000	2006 £'000
Trade receivables	1,496	1,969
Amounts due from group undertakings	–	–
Prepayments & accrued income	664	1,542
Loan to associate	667	–
Other receivables	295	179
Placing receivable	–	1,105
	3,122	4,795

£100,000 of prepayments (2006: £446,000) is recoverable in more than 12 months.

20. Trade and other payables – current

	Group 2007 £'000	2006 £'000
Bank borrowings	–	12
Trade payables	1,188	2,102
Amounts due to related parties	–	–
Social security and other taxes	273	310
Accruals and deferred income	1,286	788
Other payables	343	192
	3,090	3,404

21. Trade and other payables – non-current

	Group 2007 £'000	Group 2006 £'000
Bank borrowings	–	342
Other creditors	–	117
	–	459

22. Provision for liabilities and charges

	Group 2007 £'000	Group 2006 £'000
Deferred taxation		
1 January 2007	51	45
Increase in provision	14	6
31 December 2007	65	51

Deferred taxation is provided in respect of accelerated capital allowances.

23. Share capital

Ordinary shares	2007 Number	2007 Par value	2007 £'000	2006 Number	2006 Par value	2006 £'000
Authorised						
1 January 2007	138,500,000	5.0p	6,925	138,500,000	5.0p	6,925
31 December 2007	138,500,000	5.0p	6,925	138,500,000	5.0p	6,925
Issued, called up and fully paid						
1 January 2007	89,069,331	5.0p	4,453	68,959,742	5.0p	3,448
Shares as compensation for loss of office	–	–	–	109,589	5.0p	5
Share placing	–	–	–	20,000,000	5.0p	1,000
31 December 2007	89,069,331	5.0p	4,453	89,069,331	5.0p	4,453

Deferred shares	2007 Number	2007 Par	2007 £'000	2006 Number	2006 Par	2006 £'000
Authorised, issued, called up and fully paid						
1 January 2007 and 31 December 2007	22,293,076	15p	3,344	22,293,076	15p	3,344
Total share capital			7,797	–		7,797

The rights attaching to deferred shares, which have not been admitted to trading on AIM or any other recognised investment exchange, render them effectively valueless. No share certificates have been issued in respect of deferred shares. It is intended that the deferred shares will be repurchased by the Company for a nominal amount in due course. The deferred shares will have no rights to vote or to participate in dividends and will carry limited deferred rights on any return on capital (whether on a liquidation or otherwise).

24. Share options

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. The details of the arrangements are described in the following table:

		Approved		*Unapproved*
	Share options	*Share options*	*Share options*	*Share options*
Nature of the arrangement				
Date of grant	15 May 2006	8 June 2006	13 October 2006	8 June 2006
Outstanding at 1 January 2007	476,190	2,366,410	932,500	897,760
Granted during the year	–	–	–	–
Forfeited during the year	–	(245,001)	–	(175,000)
Outstanding at 31 December 2007	476,190	2,121,409	932,500	722,760
Exercise price (pence)	20	20	20	20
Share price at grant (pence)	18	18	18	18
Vesting period (years)	3	3	3	3
Vesting conditions	None	None	None	None
Option life (years)	10	10	10	10
Expected volatility	20.00%	20.00%	20.00%	20.00%
Risk free rate	4.75%	4.75%	4.75%	4.75%
Number of employees	1	23	5	4
Settlement	Shares	Shares	Shares	Shares
% expected to vest	90.00%	90.00%	90.00%	90.00%
Number expected to vest	428,571	1,909,268	839,250	650,484
Fair value per granted instrument (pence)	2.29	2.29	2.29	2.29
Charge for year ending 31 December 2007 (£)	3,641	14,824	7,130	5,050

In accordance with the Group's accounting policy for share based payment, share options have been valued using an appropriate option pricing model. The total fair value of options in issue at the date of grant was £107,000, of which £31,000 has been charged to the profit and loss account for the year (2006 – £18,000).

25. Reserves

		Group	
	Share premium account £'000	*Other reserve £'000*	*Retained earnings £'000*
At 1 January 2007 – restated	6,840	1,375	(1,077)
Loss for the year	–	–	(3,575)
At 31 December 2007	6,840	1,375	(4,652)

Other reserve represents the premium on allocation of shares by the Company in pursuance of the arrangement in consideration for the acquisition of 100 percent of the shares in Apace Sports Ltd (previously called Apace Group Ltd) on 25 April 2005, as permitted by section 131 of the Companies Act. This reserve is not currently distributable.

26. Cash generated from operations

	Year to 31 December 2007 £'000	*Year to 31 December 2006 £'000*
Continuing operations		
Loss for the year	(5,248)	(599)
Adjustments for:		
Charge in respect of compensation shares	–	19
Loss reported by associate	760	–
Impairment of investment in TV Arberia (Albania)	992	–
Impairment of loan to TV Arberia (Albania)	1,763	–
Aborted investment projects written off	212	–
Revaluation of investments held for resale	120	–
Amortisation of intangible fixed assets	235	175
Depreciation of tangible fixed assets	127	122
Profit on disposal of investments	(20)	–
Loss on disposal of tangible fixed assets	11	3
Share-based payment expense	31	18
Interest expense	30	–
Interest receivable	(119)	–
Increase in inventories	(394)	(518)
Decrease/(increase) in trade and other receivables	612	1,203
Increase/(decrease) in payables	1,608	(933)
Cash generated from continuing operations	720	(510)
Discontinued operations		
Profit for the year	1,461	289
Adjustments for:		
Gain on disposal of subsidiary	(2,034)	–
Amortisation of intangible fixed assets	34	78
Depreciation of tangible fixed assets	73	245
Profit on disposal of investments	–	–
Profit on disposal of tangible fixed assets	–	–
Interest expense	23	55
Increase in inventories	(8)	(2)
Decrease/(increase) in trade and other receivables	(806)	(45)
Increase/(decrease) in payables	1,375	(47)
Cash flow for discontinued operations	118	573
Cash generated from operations	838	63

27. Financial instruments

The Group's financial instruments comprise loans to participating interests, cash and liquid resources and various other items, such as trade debtors, trade creditors and other debtors and creditors. These arise directly from the Group's operations.

The Group has not entered into any derivatives transactions.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are price risk, credit risk, liquidity risk, interest rate cash flow risk and currency risk. The Board reviews and agrees policies for managing each of these risks and they are summarised in the director's report under "Financial Risk Management".

Cash flow risk and currency risk

The Board reviews and agrees policies for managing each of these risks and they are summarised in the director's report under "Financial Risk Management".

Interest rate profile

The Group has no financial assets other than cash balances of £555,000 (2006:£1,525,000), which are part of the financing arrangements of the Company. The sterling cash balances comprise bank current accounts and deposits placed at investment rates of interest, which ranged between 5.20 percent and 5.83 percent in the period (2006: ranged between 4.81 percent p.a. and 5.22 percent p.a). Maturity periods ranged between immediate access and 31 days.

Currency hedging

During the period, the Group did not engage in any form of currency hedging transaction (2007: none).

Financial liabilities

The Company has established a bank borrowing facility, which is available to all UK members of the Group. Under the facility:

- A Group net overdraft of up to £500,000 is available;
- £1,000,000 is available for the funding of TV productions;
- Interest is calculated daily on the Group's sterling net borrowings at 1.5 percent over base rate;
- Interest is credited daily on the Group's net sterling credit balance at a variable rate in excess of base rate;
- Each UK group company guarantees the bank's exposure to each other group company.

Fair values

The fair values of the financial assets and liabilities at 31 December 2007 are not materially different from their book values.

28. Commitments under operating leases

As at 31 December 2007 the Group was committed to make the following future aggregate minimum lease payments in respect of continuing operations on operating leases:

	2007		*2006*	
	Land & buildings £'000	*Other £'000*	*Land & buildings £'000*	*Other £'000*
for leases expiring within a year:	–	1	22	2
for leases expiring in more than a year but less than five years:	331	29	453	38
for leases expiring in more than five years:	238	–	272	–

29. Contingent liabilities

Apace Music Limited has settled a claim brought against it late in 2006 by a French company, Georges V Records S.A.R.L, in the High Court, Chancery Division, for alleged infringement of various registered trade marks and "passing-off", arising from the use of the word "Buddha" in the titles of its "lounge" or "chill-out" compilation CDs which are sold under Apace Music Limited's own registered European Community trade marks.

Apace Music Limited has also voluntarily intervened in similar proceedings brought against its distributor, Socadisc, by Georges V Records S.A.R.L in France. The Board of the Company intends to defend these proceedings vigorously and has made full provision for the anticipated cost of such defence.

The Company is co-guarantor with MTG Broadcasting AB (MTG) of a bank facility granted to Diema Vision AD, a wholly owned subsidiary of Balkan Media Group Ltd. The facility allows for overdraft borrowing and bank guarantees up to a total of €6 million for up to 12 months from 24 October 2007 with an option for extension.

The Company has confirmed to the auditors of Diema Vision AD that the Company would not initiate an insolvency procedure for Diema before the end of the next financial year and that it is the Company's intention to continue to extend its financial support for Diema in the foreseeable future in agreement with and in the same amounts as the shareholder of the remaining 50 percent of Balkan Media Group Limited, namely MTG.

30. Post balance sheet events

Since the year-end, the Company has re-named its (previously dormant) wholly-owned UK subsidiary, Steadfast Rights Limited, as Apace Television Limited ("Apace TV"), and has transferred all of its shareholdings in its UK subsidiaries Steadfast Television Limited, Pro-Active Projects Limited and Steadfast International Limited to Apace TV.

On 26 March 2008 the Company issued an additional 5,100,000 ordinary shares of 5p each to DIDIES EOOD, a Bulgarian company controlled by Mr Didier Stoessel, a director and a shareholder of the Company in lieu of outstanding fees owed to DIDIES EOOD, at a price of 6p per share. These new ordinary shares were admitted for trading on AIM on 4 April 2008.

On 30 April 2008 the Company issued a further 1,664,200 ordinary shares of 5p each to A&M United Advisors LLC ("A&M"), a company in the USA controlled by Mr Anatoli Belchev, the executive director of Diema Vision AD, a subsidiary of Balkan Media Group Limited, in lieu of a performance-related payment owed to A&M at a price of 6p per share. These new ordinary shares were admitted for trading on AIM on 2 May 2008.

31. Related party transactions

During the period in 2007 when the following companies were subsidiaries of Balkan Media Group Limited (BMGL), an associate of the Company, the following amounts were billed to related parties:

	Management charges £'000	*Loan interest £'000*
Diema Vision AD	–	40
Apace Media Bulgaria	82	–

Related party transactions for the year ended 31 December 2006 and the period of 2007 when they were subsidiaries of the Company were eliminated on consolidation.

As at 31 December 2007 loans totalling £656,000 were owed by subsidiaries of BMGL comprising £634,000 owed by Diema Vision AD and £22,000 owed by TV ERA OOD.

During the year there were no transactions with directors other than the directors' remuneration.

32. Ultimate controlling party

The directors do not consider there to be an ultimate controlling party.

Interim results for the six months ended 30 June 2008

Consolidated income statement

Continuing operations	*Notes*	*6 months to 30 June 2008 (unaudited) £'000*	*6 months to 30 June 2007 (unaudited) £'000 restated*	*12 months ended 31 December 2007 (audited) £'000*
Revenue		6,385	3,668	8,059
Cost of sales		(4,140)	(2,244)	(5,288)
Gross profit		2,245	1,424	2,771
Other income	3	–	–	20
Administrative expenses				
Exceptional	4	(130)	–	(3,283)
Normal		(2,064)	(1,886)	(4,068)
Operating profit/(loss) and profit/(loss) on ordinary activities before interest		51	(462)	(4,560)
Finance costs		–	–	(30)
Finance income		24	40	118
Share of profit/(loss) of associate	8	385	(167)	(760)
Profit/(loss) on ordinary activities before income tax		460	(589)	(5,232)
Income tax expense on ordinary activities	5	–	–	(16)
Profit/(loss) on ordinary activities after income tax from continuing operations	2	460	(589)	(5,248)
Discontinued operations				
Net profit from discontinued operations	2	–	1,287	1,461
Profit/(loss) for the period		460	698	(3,787)
Attributable to:				
Shareholders' equity	11	382	883	(3,575)
Minority interest		78	(185)	(212)
		460	698	(3,787)
Earnings per share	6			
From continuing operations				
Basic and diluted (pence)		0.41	(0.66)	(5.86)
From continuing and discontinued operations				
Basic and diluted (pence)		0.41	0.99	(4.01)

Consolidated balance sheet

	Notes	30 June 2008 (unaudited) £'000	30 June 2007 (unaudited) £'000 restated	31 December 2007 (audited) £'000
Assets				
Non-current assets				
Property, plant and equipment		462	523	479
Intangible assets – goodwill		2,633	2,633	2,633
Intangible assets – other		877	1,028	940
Investment property		–	160	–
Investment in associate	8	5,044	5,037	4,585
Available for sale financial assets		188	454	481
Investments – acquisition projects		608	664	520
Total non-current assets		9,812	10,499	9,638
Current assets				
Inventories		925	1,225	1,069
Trade and other receivables		5,042	6,129	3,122
Cash and cash equivalents		–	730	555
Total current assets		5,967	8,084	4,746
Total Assets		15,779	18,583	14,384
Liabilities				
Non-current liabilities				
Deferred tax liabilities		65	49	65
Total non-current liabilities		65	49	65
Current liabilities				
Trade and other current payables		2,605	2,701	3,090
Other taxes and social security		192	66	–
Borrowings	9	908	–	–
Total current liabilities		3,705	2,767	3,090
Total liabilities		3,770	2,816	3,155
Net assets		12,009	15,767	11,229
Capital and reserves				
Called up share capital	10	8,135	7,797	7,797
Share premium	11	6,908	6,840	6,840
Other reserve	11	1,375	1,375	1,375
Translation reserve	11	(61)	–	–
Shares to be issued		61	32	49
Profit & loss account	11	(4,270)	(174)	(4,652)
Equity shareholders' funds		12,148	15,870	11,409
Minority interests		(139)	(103)	(180)
Capital employed		12,009	15,767	11,229

Consolidated cash flow statement

	6 months to 30 June 2008 £'000 (unaudited)	*6 months to 30 June 2007 £'000 (unaudited)*	*year ended 31 December 2007 £'000 (audited)*
Cash flows from operating activities			
Cash (used in)/generated from operations (note 12)	(1,351)	(1,659)	838
Interest paid	–	–	(30)
Net cash (used in)/generated from operating activities	(1,351)	(1,659)	808
Purchase of subsidiary undertakings	–	(155)	(93)
Proceeds from disposal of subsidiary undertaking	–	5,354	5,498
Costs relating to the disposal of subsidiary undertaking	–	(268)	(529)
Investment in associate	(135)	(2,078)	(2,157)
Cash disposed of with disposal of subsidiary undertakings	–	(348)	(348)
Purchase of tangible fixed assets	(75)	(132)	(185)
Purchase of intangible fixed assets	(64)	(153)	(223)
Purchase of investment property	(82)	(160)	(324)
Disposal of investment property	246	–	–
Purchase of available for sale financial assets	–	(557)	(602)
Proceeds from disposal of available for sale financial assets	–	116	345
Investment in TV Arberia (Albania)	–	–	(753)
Investment project work in progress	(88)	(441)	(716)
Interest received	24	40	75
Net cash (used in)/generated from investment activities	(174)	1,218	(12)
Proceeds from issue of ordinary shares	406	–	–
Loan to TV Arberia (Albania)	–	–	(1,763)
Net loan repayment by/(made to) associate	(307)	–	386
Bank borrowings drawn/(eliminated)	–	(342)	(342)
Increase in bank overdrafts	908	–	–
Proceeds from issue of shares in subsidiaries to minority interests	–	23	23
Dividends paid – minority interest	(37)	(35)	(70)
Net cash generated from/(used in) financing activities	970	(354)	(1,766)
Net decrease in cash, cash equivalents and bank overdrafts	(555)	(795)	(970)
Cash, cash equivalents and bank overdrafts at beginning of the period	555	1,525	1,525
Cash and cash equivalents at the end of the period	–	730	555

Statement of changes in equity

For the period from 1 January 2007 to 30 June 2008

	Called up share capital £'000	*Share premium £'000*	*Other reserve £'000*	*Translation reserve £'000*	*Shares to be issued £'000*	*Retained earnings £'000*	*Total £'000*
At 1 January 2007 as reported	7,797	6,840	1,375	–	18	(1,011)	15,019
Prior periods amortisation on IFRS adoption	–	–	–	–	–	(66)	(66)
At 1 January 2007 restated	7,797	6,840	1,375	–	18	(1,077)	14,953
Profit for period as reported					903		903
Movement in period					14		14
30 June 2007	7,797	6,840	1,375	–	32	(174)	15,870
Loss for period					(4,458)		(4,458)
IFRS amortisation for period					(20)		(20)
Movement in period					17		17
31 December 2007	7,797	6,840	1,375	–	49	(4,652)	11,409
Share placings	338	68					406
Exchange difference on associate's opening net assets				(61)			(61)
Profit for period						382	382
Movement in period			12	12			
30 June 2008	8,135	6,908	1,375	(61)	61	(4,270)	12,148

Notes to the interim report

1. Summary accounting policies

Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2008 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 2007 are those in the statutory accounts for that financial year. The statutory accounts for the year ended 31 December 2007, prepared in accordance with IFRS, 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 2008 that are effective as at 30 June 2008. Based on these adopted IFRS, the directors have applied the accounting policies which they expect to apply when the financial statements are prepared for the year ending 31 December 2008. Furthermore the comparative figures for the six months ended 30 June 2007 have been restated as noted in note 14.

The directors do not consider that there are any material departures from the accounting policies applied in the 31 December 2007 financial statements to those used in preparing these interim financial statements. Furthermore, the comparative figures for the six months ended 30 June 2007 have been restated as noted in note 14 to ensure that these are stated on a comparable basis.

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 income statement from the date of acquisition or up to the date of disposal.

2. Continuing and discontinued activities by segment

		6 months to 30 June 2008 £'000	*6 months to 30 June 2007 £'000 restated*	*12 months ended 31 December 2007 £'000*
Continuing				
Content Creation	Revenue	6,385	3,668	8,059
	Expenses	(6,103)	(3,905)	(8,866)
	Taxation	–	–	(16)
		282	(237)	(823)
Central costs	Expenses	(207)	(185)	(3,665)
Associate	Share of profit/(loss)	385	(167)	(760)
Profit/(loss) from continuing activities		460	(589)	(5,248)
Attributable to:	Equity shareholders	382	(584)	(5,217)
	Minority interests	78	(5)	(31)
Discontinued				
Eastern European	Revenue	–	908	902
Broadcasting	Expenses	–	(1,362)	(1,358)
	Exceptional items	–	(117)	(117)
	Taxation	–	–	–
		–	(571)	(573)
	Gain on disposal	–	1,858	2,034
Profit/(loss) from discontinued activities		–	1,287	1,461
Attributable to:	Equity shareholders	–	1,467	1,642
	Minority interests	–	(180)	(181)

3. Other income

	6 months to 30 June 2008 £'000	*6 months to 30 June 2007 £'000*	*12 months ended 31 December 2007 £'000*
Gains on disposal of investments	–	–	20
	–	–	20

4. Exceptional expenses

The exceptional expenses for the period under review represent impairment provisions relating to investment property and available for sale financial assets.

5. Tax on profit on ordinary activities

Due to the losses brought forward from the previous period, no provision has been made for UK taxation on trading.

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 2008		*6 months ended 30 June 2007*		*12 months ended 31 December 2007*	
	Profit	*per share*	*Profit/(loss)*	*per share*	*Loss*	*per share*
	£'000	*p*	*£'000*	*p*	*£'000*	*p*
From continuing operations	382	0.41	(584)	(0.66)	(5,217)	(5.86)
From continuing and discontinued operations	382	0.41	883	0.99	(3,575)	(4.01)

Shares	*Number*	*Number*	*Number*
Weighted average number of shares			
Basic and diluted	92,335,511	89,069,331	89,069,331

There is no potential dilution of loss per share.

7. Subsidiary undertakings

At 30 June 2008, 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%
Apace Music Limited	Record label and music publishing	England	100%
Apace Television Limited (formerly Steadfast Rights Limited)	Holding company	England	100%
Pro-Active Projects Limited	Television production	England	90%
Steadfast International Limited	Television programme distribution	England	100%
Steadfast Television Limited	Television production	England	75%

8. Associate

The Company owns 50 percent 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 BMGL and its subsidiaries. BMGL is consequently accounted for by Apace as an associate in accordance with IAS 28.

	£'000
Balance brought forward at 1 January 2008	4,585
Exchange difference taken to translation reserve	(61)
Further investment in the period	135
	4,659
Apace share of profit of associate	385
At 30 June 2008	5,044

9. Borrowings

Under the bank facility provided by The Royal Bank of Scotland plc ('RBS') and available to all UK members of the Group, the following amounts have been drawn as at the end of the period:

	£'000
Borrowings to fund specific TV productions	750
Borrowing under general overdraft facility	158
	908

The terms of the bank facility are as follows:

- A maximum of £1,000,000 is available for the funding of TV productions, whereby each individual production so funded has its own separately agreed overdraft facility, subject to its own specific terms and conditions and secured on that particular production; repayment in full is set for a specific repayment date and interest accrues at 2 percent over the RBS base rate during the period;
- a Group net overdraft facility of up to £500,000 is available and is repayable on demand;
- interest is calculated daily on the Group net overdraft facility borrowings at 1.5 percent over the RBS base rate;
- interest is credited daily on the Group's net sterling credit balance at a variable rate in excess of RBS base rate;
- each UK group company guarantees the bank's exposure to each other group company.

10. Share capital

Ordinary shares

	Number	*Par Value*	*£'000*
Authorised			
1 January 2008 and 30 June 2008	138,500,000	5p	6,925
Issued, called up and fully paid			
1 January 2008	89,069,331	5p	4,453
Share placings at 6p each	6,764,200	5p	338
30 June 2008	95,833,531	5p	4,791

Deferred shares

	Number		*£'000*
Authorised, issued, called up and fully paid			
1 January 2008 and 30 June 2008	22,293,076	15p	3,344

Total share capital

1 January 2008	7,797
30 June 2008	8,135

11. Reserves

	Share premium account £'000	*Other reserve £'000*	*Translation reserve £'000*	*Profit & loss account £'000*
At 1 January 2008	6,840	1,375	–	(4,652)
Share placings	68	–	–	–
Exchange difference	–	–	(61)	–
Profit for the period	–	–	–	382
At 30 June 2008	6,908	1,375	(61)	(4,270)

12. Cash generated from operations

	6 months ended 30 June 2008 £'000	*6 months ended 30 June 2007 £'000*	*Year ended 31 December 2007 £'000*
Continuing operations			
Profit/(loss) for the period	460	(589)	(5,248)
Adjustments for:			
(Loss)/profit reported by associate	(385)	167	760
Impairment of investment in TV Arberia (Albania)	–	–	992
Impairment of loan to TV Arberia (Albania)	–	–	1,763
Aborted investment projects written off	–	–	212
Revaluation of investments held for resale	130	–	120
Amortisation of intangible fixed assets	125	92	235
Depreciation of tangible fixed assets	90	46	127
Profit on disposal of investments	–	(12)	(20)
Loss on disposal of tangible fixed assets	–	–	11
Share-based payment expense	12	–	31
Interest payable	–	–	30
Interest receivable	(24)	(40)	(119)
Exchange gain	(100)	–	–
Decrease/(increase) in inventories	144	(550)	(394)
(Increase)/decrease in trade and other receivables	(1,612)	(2,311)	612
(Decrease)/increase in payables	(191)	1,418	1,608
Cash generated from continuing operations	(1,351)	(1,779)	720
Discontinued operations			
Profit for the period	–	1,467	1,461
Adjustments for:			
Gain on disposal of subsidiary	–	(2,038)	(2,034)
Amortisation of intangible fixed assets	–	34	34
Depreciation of tangible fixed assets	–	73	73
Interest expense	–	23	23
Increase in inventories	–	(8)	(8)
Increase in trade and other receivables	–	(806)	(806)
Increase in payables	–	1,375	1,375
Cash flow for discontinued operations	–	120	118
Cash (used in)/generated from operations	(1,351)	(1,659)	838

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

The Group adopted IFRS in its June 2007 interim report. A subsequent review of intangible assets gave rise to an adjustment between intangible assets and goodwill relating to Apace Music Ltd's music catalogue. The results for the period ended 30 June 2007 and the balance sheet at 30 June 2007 are restated in this report to reflect the impact of that adjustment. A reconciliation of the balance sheet as originally reported to the restated balance sheet included in the financial statements is given below. The adjustment against retained earnings is made up of a brought forward balance in respect of additional amortisation of £66,000 and an additional charge for the period ended 30 June 2007 of £20,000.

Reconciliation of equity at 30 June 2007

Group

	As originally reported £000	*Adjustments £000*	*Adjusted IFRS £000*
Balance Sheet			
30 June 2007			
Assets			
Non-current assets			
Property, plant and equipment	523	–	523
Intangible assets – goodwill	3,429	(796)	2,633
Intangible assets – other	298	710	1,008
Investment property	160	–	160
Investment in associate	5,037	–	5,037
Available for sale financial assets	454	–	454
Investments – acquisition projects	664	–	664
Total non-current assets	10,565	(86)	10,479
Current assets			
Inventories	1,225	–	1,225
Trade and other receivables	6,129	–	6,129
Cash and cash equivalents	730	–	730
Total current assets	8,084	–	8,084
Total assets	18,649	(86)	18,563
Liabilities			
Non-current liabilities			
Trade and other payables	–	–	–
Deferred tax liabilities	49	–	49
Total non-current liabilities	49	–	49
Current liabilities			
Trade and other payables	2,701	–	2,701
Other taxes and social security	66	–	66
Total current liabilities	2,767	–	2,767
Total liabilities	2,816	–	2,816
Net assets	15,833	(86)	15,747
Capital and reserves			
Called up share capital	7,797	–	7,797
Share premium	6,840	–	6,840
Other reserve	1,375	–	1,375
Shares to be issued	32	–	32
Retained earnings	(108)	(86)	(194)
Equity shareholders' funds	15,936	(86)	15,850
Minority interests	(103)	–	(103)
Capital employed	15,833	(86)	15,747

PART III

ADDITIONAL INFORMATION

1. Disclosure of interests and dealings in shares

1.1 The interests (all of which are or will be beneficial) of each Director (including any interest known to the Director or which could with reasonable diligence be ascertained by him of any person connected with a Director within the meaning of s252-255 of the Companies Act 2006) at the date of this document and following completion of the Placing, together with the percentages which such interests represent of the Ordinary Shares in issue and the New Ordinary Shares to be issued are as follows:

	As at the date of this document		***On Admission of the Placing Shares***	
	Number of Ordinary Shares of 1p each	*% of issued ordinary share capital*	*Number of Ordinary Shares of 1p each*	*% of issued ordinary share capital*
Robert Burke	–		–	
Didier Stoessel	28,133,333	29.36	78,133,333	53.58
Martin Johnston	802,008	0.84	802,008	0.55
Charles Thompson	266,666	0.28	266,666	0.18
Michael Morris	66,666	0.07	66,666	0.05
Anthony Vickers	127,438	0.13	127,438	0.09
William Vanderfelt	6,326,967	6.60	6,326,967	4.34

1.2 Dealings in Ordinary Shares in the Company by the Directors or by persons connected with them, during the 12 months prior to the publication of this document are as follows:

	Date	*Price per Ordinary Share*	*No. of Ordinary Shares*
Balkan Advisors	27 March 2008	6.0p	5,100,000
Anatoli Belchev	29 April 2008	6.0p	1,664,200

1.3 Share Options

Directors' entitlements and entitlements of persons connected with them, under the Company's approved and unapproved share option schemes are as shown below. All share options vest 3 years from the date of grant and expire 10 years from the date of grant.

	Number of Ordinary Shares of 1p each under option	*Grant Date*	*Exercise Price*	*Scheme*
Didier Stoessel	372,760	8 June 2006	20p	Unapproved
Martin Johnston	175,000	8 June 2006	20p	Approved
Charles Thompson	250,000	8 June 2006	20p	Approved
Anatoli Belchev	175,000	8 June 2006	20p	Unapproved

1.4 References in this paragraph 1 to:

(a) "**acting in concert**" has the meaning attributed to it in the City Code;

(b) "**arrangement**" includes an indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature relating to relevant securities which may be an inducement to deal or refrain from dealing;

(c) "**associate**" of any company means:

(i) its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which any such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 percent or more of the equity share capital of a company is regarded as the test of "associated company" status);

(ii) its connected advisers and persons controlling, controlled by or under the same control as such connected advisers;

(iii) its directors and the directors of any company covered in (i) above (together in each case with their close relatives and related trusts); and

(iv) its pension funds or the pension funds of a company covered in (i) above;

(d) "**connected adviser**" has the meaning attributed to it in the City Code;

(e) "**connected person**" has the meaning attributed to it in section 252 of the Companies Act 2006;

(f) "**control**" means a holding, or aggregate holdings, of shares carrying 30 percent or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives *de facto* control;

(g) "**dealing**" or "**dealt**" includes the following:

(i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;

(ii) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;

(iii) subscribing or agreeing to subscribe for relevant securities;

(iv) the exercise of conversion of any relevant securities carrying conversion or subscription rights;

(v) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;

(vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and

(vii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;

(h) "**derivative**" includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying security;

(i) "**disclosure date**" means 26 February 2009, being the latest practicable date prior to the posting of this document;

(j) "**disclosure period**" means the period commencing on 26 February 2008, being the date 12 months prior to the date of the posting of this document and ending on the disclosure date;

(k) "**exempt principal trader**" or "**exempt fund manager**" has the meaning attributed to it in the City Code;

(l) being "**interested**" in relevant securities includes where a person:

(i) owns relevant securities;

(ii) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;

(iii) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or

(iv) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it;

(m) "**paragraph 1 associate**" means, in relation to a company, its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 percent or more of the equity share capital of a company is regarded as the test of "associated company" status);

(n) "**relevant Apace securities**" means shares in Apace (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof;

(o) "**relevant securities**" means "relevant Apace securities"; and

(p) "**short position**" means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

1.5 At the close of business on the **disclosure date**, save as disclosed above:

(a) the Concert Party had no interest in or right to subscribe for, or had any **short position** in relation to, any Apace securities, nor had it **dealt** in any **relevant securities** during the **disclosure period**;

(b) no member of the Concert Party (including their respective immediate families, related trusts or **connected persons including the officer of Balkan Advisors**) had an interest in or a right to subscribe for, or had any **short position** in relation to, any Apace securities, nor had any such person **dealt** in any **relevant securities** during the **disclosure period**;

(c) no person **acting in concert** with the Concert Party had an interest in or a right to subscribe for, or had any **short position** in relation to, any relevant Apace securities, nor had any such person **dealt** in any relevant Apace securities during the **disclosure period**;

(d) no person referred to in this paragraph (a), (b) or (c) has **dealt** in any relevant Apace securities in the **disclosure period**;

(e) none of the Directors (including any members of such directors' respective immediate families, related trusts or **connected persons**) had an interest in, or right to subscribe for, or had any **short position** in relation to any Apace security;

(f) no **paragraph 1 associate** of Apace had any interest in or right to subscribe for, or had any **short position** in relation to, any Apace securities;

(g) no pension fund of Apace or of a **paragraph 1 associate** of Apace had any interest in or right to subscribe for, or had a **short position** in relation to, any Apace securities;

(h) no employee benefit trust of Apace or of a **paragraph 1 associate** of Apace had any interest in or right to subscribe for, or had a short position in relation to, any Apace securities;

(i) no **connected adviser** to a **paragraph 1 associate** of Apace or to a person **acting in concert** with Apace, nor any person **controlling, controlled** by or under the same **control** as any such adviser (except for an **exempt principal trader** or **exempt fund manager**) had any interest in or right to subscribe for, or had a **short position** in relation to, any Apace securities;

(j) Apace has not redeemed or purchased any relevant Apace securities during the **disclosure period**;

(k) there were no **arrangements** which existed between Apace or any **associate** of Apace and any other person;

(l) there were no **arrangements** which existed between the Concert Party or any person **acting in concert** with the Concert Party, Apace, any associate of Apace and any other person;

(m) neither the Concert Party nor any person **acting in concert** with the Concert Party had borrowed or lent any **relevant Apace securities**;

(n) Apace has not borrowed or lent any **relevant Apace securities**;

(o) no loan or guarantee has been granted or provided by Apace to any Director or any person connected to them;

(p) there are no agreements, **arrangements** or understandings existing between the Concert Party, and any of the Directors, recent directors, Shareholders, recent shareholders of Apace or any person interested in or recently interested in the shares of Apace having connection with or dependence upon the other;

(q) there are no arrangements for the transfer of securities; and

(r) neither Apace nor any of the Directors of Apace (including their respected immediate families, related trusts or **connected persons**) had an interest in or a right to subscribe for, or had any **short position** in relation to, any Balkan Advisors securities, nor had any such **person dealt** in any **relevant securities** in the **disclosure period**.

1.6 Seymour Pierce has not dealt for value in the Existing Ordinary Shares in the twelve months prior to publication of this document for discretionary clients.

1.7 Seymour Pierce has not dealt in the Existing Ordinary Shares in the twelve months prior to publication of this document for non-discretionary clients.

1.8 None of the Independent Directors has a conflict of interest in relation to the Resolutions.

2. Service Agreements

2.1 Robert Burke was appointed as non Executive Chairman of the Company on 28 November 2007. His appointment may be terminated on one month's notice and otherwise in accordance with the Company's Articles of Association (the "Articles"). Roby Burke receives a fee of £20,000 per year for his services.

2.2 Didier Stoessel was appointed Chief Executive Officer of the Company on 25 April 2008. His appointment may be terminated in accordance with the Articles. Mr Stoessel receives no basic salary from the Company. Fees are paid in respect of strategic consultancy services in the Balkans provided by Balkan Advisors. For the 12 month period ending 31 December 2007 the Company paid £328,996 in consultancy fees to Balkan Advisors.

2.3 Martin Johnston was appointed Finance Director of the Company on 1 September 2000. His appointment may be terminated by 6 months' notice and otherwise in accordance with the Articles. Mr Johnston receives annual basic remuneration of £100,000, £18,000 of which is taken as pension contributions.

2.4 Charles Thompson was originally appointed an Executive Director of the Company on 1 November 2005. His appointment now comprises a fixed term contract until 1 September 2010, terminable by him by 3 months' notice. Mr. Thompson receives a basic salary of £150,000.

2.5 Michael Morris was appointed a non Executive Director on 29 December 2003. His appointment may be terminated in accordance with the Articles. Mr Morris receives an annual fee of £15,000 for his services.

2.6 Anthony Vickers was appointed a non Executive Director on 24 September 1999. His appointment may be terminated in accordance with the Articles. Mr Vickers receives an annual fee of £15,000 for his services.

2.7 William Vanderfelt was appointed a non Executive Director on 27 March 2006. His appointment may be terminated on one month's notice and otherwise in accordance with the Articles. Mr Vanderfelt receives an annual fee of £20,000 for his services.

2.8 In the twelve months ended 31 December 2007 (being the last financial year of the Company for which accounts are available) the aggregate remuneration paid including pension contributions and benefits in kind granted to the Directors was £685,667.

2.9 On the basis of the arrangements in force at the date of this document it is estimated that the aggregate remuneration payable to the Directors for the year ending 31 December 2008 (being the latest financial year of the Company) will be £490,000.

2.10 Save as set out above no service contract or letter of appointment of any Director has been entered into or amended within the period of six months immediately prior to the date of this document.

2.11 Save as disclosed in this paragraph 2 there have been no waivers of emoluments during the financial year ended immediately preceding the date of this document.

3. Middle Market Quotations

The closing middle market quotations for Ordinary Shares, as derived from the AIM Appendix of the London Stock Exchange Daily Official List, on the first dealing day of each of the six months prior to the publication of this document, and on 29 January 2009, being the latest practicable date prior to publication of this document, were:

Date	*Price per Ordinary Share (in pence)*
01 September 2008	3
01 October 2008	2.63
03 November 2008	1.75
01 December 2008	1.38
02 January 2009	1.25
02 February 2009	1.13
26 February 2009	1.75

4. Material Contracts

Save as disclosed below no contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company and its subsidiaries or the Concert Party within the period of two years preceding the date of this document and which are or may be material.

On 20 March 2007, the Company sold 50 percent of its holding in BMGL to MTG Broadcasting AB for £5.2 million after expenses. Under a shareholder agreement of the same date between the Company and MTG, management control of BMGL lies with MTG.

The Subscriber's loan facility is provided by Societe Generale, under a contract dated 12 November 2008 between Societe Generale Expressbank AD and Balkan Advisors EOOD and Didier Stoessel. The principal terms of the facility are an amount up to EUR4,800,000 secured on Didier Stoessel's and Balkan Advisors' holdings, current and future.

The loan is repayable by 28 February 2012 under the following terms:

(a) at the nominal interest rate of 1 month EURIBOR plus margin of 2.25 percent per annum, payable monthly;

(b) interest upon the whole outstanding exposure in case of acceleration of the loan shall be 6 percent per annum above the nominal interest rate of 1 month EURIBOR plus margin of 2.25 percent per annum;

(c) to the extent that the facility is used to acquire shares in the capital of the Company, the Subscriber must establish ownership over not less than 50.1 percent of the shares of the Company. The financing provided under the facility must represent a maximum of 80 percent of the transaction total and the remaining 20 percent will be provided by the Subscriber.

5. Consents

Seymour Pierce Limited has given and has not withdrawn its written consent to the inclusion of references to its name in the form and context in which they appear.

6. Material Change

Save for the interim financial statement published on 30 September 2008 and the matters described in Part I of this circular, there has been no material change in the financial or trading position of the Company since the publication of the audited accounts for the year ended 31 December 2007.

7. Documents Available for Inspection

Copies of the following documents may be inspected at the registered office of the Company, during normal business hours on any weekday (Saturdays and public holidays excepted) until immediately prior to the GM:

7.1 The Memorandum and Articles of Association of Apace;

7.2 The published audited report and accounts of Apace for the periods ending 31 December 2005, 2006 and 2007;

7.3 The written consent referred to in paragraph 5 above;

7.4 The service agreements summarised in paragraph 2 above; and

7.5 The material contracts summarised in paragraph 4 above.

Apace Media Plc

(Registered in England and Wales with number03848181)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY given that a general meeting of Apace Media Plc (the "**Company**") will be held at the offices of Seymour Pierce Limited at 20 Old Bailey, London EC4M 7EN, on 17 March 2009 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTION

1. **THAT:**

(a) the authorised share capital of the Company be increased from £10,268,961.40 to £11,268,961.40 by the creation of an additional 100,000,000 ordinary shares of 1 pence each; and

(b) in addition to all existing authorities granted to the Directors by the shareholders at the annual general meeting of the Company held on 22 July 2008, the Directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ("**the Act**") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80) up to an aggregate nominal amount of £1,000,000 provided that this authority shall expire (unless previously revoked, varied or renewed) 15 months after the date on which this Resolution is passed, or, if sooner, the end of the next annual general meeting of the Company, but the Company may make an offer or agreement which would or might require relevant securities to be allotted after this authority expires and the Directors may allot relevant securities in pursuance of such offer or agreement as if this authority had not expired;

SPECIAL RESOLUTION

2. **THAT:**

Subject to Resolution 1 having been passed, the Directors be empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) to 94(3A) of the Act) for cash, pursuant to the authority conferred by paragraph (b) of Resolution 1 as if section 89(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of:

(i) up to 50,000,000 Ordinary Shares in connection with the Placing as defined in the Document; and

(ii) equity securities in connection with an issue by way of rights (including, without limitation, under a rights issue, open offer or similar arrangement) in favour of holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings of Ordinary Shares, but subject to such exclusions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange,

such that this power shall be in addition to all existing powers given to the Directors by the shareholders at the annual general meeting of the Company held on 22 July 2008 under section 95 of the Act and provided that this power shall expire 15 months from the date on which the Resolution is passed or, if sooner, the end of the next annual general meeting of the Company but the Company may make an offer or agreement which would or might require equity securities to be allotted after this power expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired. This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first part of this paragraph of this Resolution 2 the words "pursuant to the authority conferred by paragraph (b) of Resolution 1" were omitted;

ORDINARY RESOLUTION TO BE PASSED ON A POLL

3. **THAT:**

The waiver by the Panel on Takeovers and Mergers of the obligations which would otherwise arise on the Concert Party to make a general cash offer for the whole of the Company's issued share capital pursuant to Rule 9 of the City Code on Takeovers and Mergers as a result of the Concert Party being issued with new Ordinary Shares in the Company pursuant to the Placing (as defined in the Document) which, when added to the Concert Party's existing holding of Ordinary Shares, would represent 53.58 percent of the enlarged share capital following the Placing, be approved.

Registered Office:
Shepherd's Central
Charecroft Way
London
W14 0EH

By order of the Board
Robert Carter, Secretary

27 February 2009

Notes:

1. A person entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company but must attend the meeting in person. Appointment of proxies does not preclude members from attending and voting at the meeting should they wish to do so.
2. To be valid, the instrument appointing a proxy must be deposited at the office of the Company's registrars, Capita Registrars Ltd, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time for holding the meeting, or as the case may be the adjourned meeting.
3. In the case of joint holders, the vote of the senior who tenders the vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which names stand in the Company's relevant register of members for certificated or uncertificated shares of the Company (as the case may be) (the "**Register**") in respect of the joint holding.
4. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by you. To appoint more than one proxy you may copy the Proxy Form which accompanies this document. If necessary, please indicate the number of Ordinary Shares in relation to which your proxy is authorised to act in the space provided. If you leave the number of Ordinary Shares blank, you will be deemed to have appointed your proxy in relation to all Ordinary Shares held by you. Please also indicate by ticking the box provided, if the proxy appointment is one of multiple appointments being made by you. All forms must be signed and should be returned together.
5. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representatives in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the chairman is being appointed as described in (i) above.

6. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the Register 48 hours beforehand (the "**Specified Time**") will be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after the Specified Time will be disregarded in determining the rights of any person to attend or vote at the General Meeting. Should the General Meeting be adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned General Meeting. Should the General Meeting be adjourned for a longer period, then to be so entitled, members must be entered on the Register at the time which is 48 hours before the time fixed for the adjourned General Meeting or, if the Company gives notice of the adjourned General Meeting, at the time specified in the notice.

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournments of it by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed voting service provider(s), should refer to their CREST sponsors or voting service providers, who will be able to take the appropriate action on their behalf.

8. For a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for those instructions as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to the previously appointed proxy, must, to be valid, be transmitted so as to be received by the Company's agent (Identification number RA10) by the latest time for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instruction to a proxy appointed through CREST should be communicated to the proxy by other means.

9. CREST members and, where application, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

10. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed voting service providers, to procure that its CREST sponsors or voting service providers take) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

11. You may not use any electronic address provided in this notice to communicate with the Company for any purpose other than as expressly stated.

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