

Regulatory Announcement

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Company	Apace Media PLC
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Apace Media plc ("Apace")

TRADING STATEMENT

Apace is today updating the market on trading and on the directors' decision in respect of the option available to Apace to dispose of its remaining holding in Balkan Media Group Limited (BMGL), its strategic partnership with Modern Times Group (MTG).

Apace will announce its 2007 results on 16 June, 2008. The loss for 2007 will be higher than anticipated at about £3.5 million, mainly because of exceptional items and restructuring:

Eastern European Broadcasting:

- The provision of £2.6 million made against the investment in an Albanian terrestrial channel (as announced on 30 November 2007);
- Exceptional restructuring costs (effect on Apace results £0.45 million) and accelerated investment in programming subsequent to the establishment of BMGL.

Content Creation:

- Slippage in the start of production on a few major Steadfast productions, which have subsequently been confirmed for 2008 start;
- The knock-on effect of those delays on inventory for international distribution sales;
- Advertiser Funded Programme commissions falling short of target;
- A temporary contraction in demand for Apace Music's products because of structural changes in the wholesale and retail markets for music CDs.

However, the directors are pleased to report that current trading is satisfactory and in line with their expectations for 2008. In particular:

Eastern European Broadcasting:

- The restructuring referred to above is complete;
- The investments made in programming have led to a significant and greater than expected increase in share of viewing and advertising revenues;
- exclusive broadcast rights in Bulgaria for the Euro 2008 football championships on BMGL's channels.

Content Creation:

- Steadfast now has commissions in production or waiting to start to the value of more than £5 million, including work for the BBC, ITV, Five, Virgin Media, National Geographic US channel, National Geographic International, Sky and Discovery Channel Canada. This increases the number of broadcasters who are now

commissioning Steadfast and the contracted commissions for 2008 already exceed the achieved 2007 turnover by more than 50%;

- Apace Music has had a good start to the new year with revenues ahead of budget for the first quarter.

Decision to retain stake in BMGL:

Under the shareholders' agreement between Apace and MTG, Apace had an option to dispose of its remaining holding in BMGL to MTG at a price equal to the consideration for the 50% already sold plus any subsequent investments made at cost ("the put option"). The directors of Apace have taken external professional advice on the valuation of BMGL and have decided to retain the Company's stake in BMGL and not to exercise the put option. As a result, the put option will lapse and any future disposal between the parties will be at fair value. The directors acknowledge that the risk profile of Apace's participation in BMGL has changed with the downside protection of the put option removed; however, the directors believe that the upside potential of the Company's BMGL investment offers Apace shareholders significant value.

Didier Stoessel, Apace Chief Executive, said:

"After a difficult year in 2007, I am pleased to report that 2008 has started well for Apace in Eastern Europe and in the UK. This is the result of the significant investment and restructuring carried out in 2007 and of the strategic partnership with MTG established last March. In Eastern Europe, we are starting to see a return on these investments and in February 2008 the cumulative audience share of our channels was, for the first time, higher than that of the state broadcaster.

After commissioning delays in 2007 in the UK, I believe that our Content Creation division will, in 2008, reach critical mass through strong growth in TV production commissions."

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