

Shed Media plc

Acquisition of Twenty Twenty Productions Limited for up to £19m

Shed Media plc ("Shed" or the "Company"), one of the UK's leading independent television production companies, is pleased to announce the acquisition of Twenty Twenty Productions Limited and its subsidiary company Twenty Twenty Brighton Limited, collectively known as "Twenty Twenty".

Summary

- Twenty Twenty is a multi award-winning, independent UK television production company, producing programming across a wide range of genres including: living history, documentaries, current affairs and drama.
- Twenty Twenty has been a well-respected and trusted provider of high quality programmes for 25 years.
- Programmes include 2007 BAFTA winner 'The Choir', 'That'll Teach 'Em', 'Bad Lads Army', 'Brat Camp', 'Grandad's Back in Business', 'Never Did Me Any Harm', 'Evacuation' and 'Sorcerers Apprentice'.
- Strong relationships with all the UK's major broadcasting networks including: BBC ONE, BBC TWO, BBC3, ITV, C4 and Five.
- Total consideration for Twenty Twenty is £19m, with £18m being paid as initial consideration and £1.0m being contingent on the financial performance of Twenty Twenty. The initial consideration will be satisfied by £11.4m in cash, £1.9m in redeemable loan notes and £4.7m in shares.
- Cash consideration is to be financed out of existing cash resources and new debt facilities.
- Twenty Twenty is a growing business which is highly profitable, with turnover reaching £9.4m in the year ended 31 May 2007 delivering adjusted profits in excess of £2.0m.
- A number of Twenty Twenty's productions are commissioned as returning series by broadcasters.

- The transaction is expected to be earnings enhancing in the financial year ending 2008.
- The addition of Twenty Twenty to the Shed Group broadens its offerings to broadcasters and is an excellent fit alongside Shed Productions, Ricochet and Outright Distribution.
- Shed welcomes Peter Casely-Hayford, Twenty Twenty's Managing Director, to the Board of the Company.

Eileen Gallagher, Chief Executive Officer of Shed commented: "Twenty Twenty is recognised throughout the industry for producing the highest quality programming with a critical popular touch. The team behind the company is second to none – talented, creative and commercially driven.

"Like all Shed production companies it is highly profitable and cash generative and will broaden the group's revenue base.

"We are delighted to have Twenty Twenty as part of the growing Shed group and we are very pleased to announce that Peter Casely-Hayford will be joining the Shed group board with immediate effect."

Peter Casely-Hayford, Managing Director, Twenty Twenty commented: "Twenty Twenty is absolutely delighted to be joining the Shed group. Shed has a reputation for well made, attention grabbing contemporary drama. Their factual team is experienced at delivering top quality programmes that rate extremely well, both here in the UK and in the US. We can only benefit from joining a group of such talented and high achieving people."

Acquisition Rationale

Shed's strategy has been to grow both organically and through the acquisition of businesses that fit the strict criteria of offering shareholder value, creative fit and where the key talent is tied in by ownership. The acquisition of Twenty Twenty is consistent with these principles.

The Twenty Twenty creative team has a proven track record in inventing new, returnable formats, ensuring the Company is not solely reliant on a few brands. The acquisition of Twenty Twenty is expected to be earnings enhancing in the financial year ending 2008 and its wide-ranging programme slate broadens Shed's product offering to broadcasters.

The US represents an area of potential growth for Twenty Twenty formats. With Shed's knowledge of the US market and existing relationships with US broadcasters, this is a key area to exploit. Shed's distribution arm, Outright Distribution will exploit the ancillary rights to Twenty Twenty's future product through wider distribution of international, DVD and licensing rights.

Twenty Twenty has an experienced management and creative team led by Peter Casely-Hayford, who has been with the Company for 17 years. Shed is pleased to announce the appointment of Peter to the Board of the Company as an executive Director. Peter Casely-Hayford has been allotted 2.45m new ordinary shares of 0.1 pence each in the Company as part of the consideration for the acquisition of Twenty Twenty.

Consideration

Initial consideration of £18 million is to be satisfied as to £11.4 million in cash, £4.7m of shares and 1.9 million in redeemable loan notes. The total debt facilities Shed now has is £24.9 million which is a 2.6 multiple of pro-forma consolidated historic EBITDA.

The additional consideration will be satisfied by £0.77million in loan notes and £0.23 million shares.

Information on Twenty Twenty

Twenty Twenty was established in 1982 and has built a reputation as one of the leading suppliers of factual entertainment, popular documentaries, hard-hitting current affairs, attention-grabbing living history series and creative drama productions.

The Company has won numerous awards for producing high quality productions based on contemporary subjects; including a BAFTA in 2007 for 'The Choir', an Indie award in 2005 for 'That'll Teach 'Em' and an International Emmy in 2004 for 'Brat Camp'. New formats include 'Evacuation', 'The Sorcerers Apprentice', 'Grandad's Back in Business', and 'Never Did Me Any Harm'.

Twenty Twenty has strong relationships with all of the UK's major broadcasting networks including: BBC ONE, BBC TWO, BBC3, ITV, C4 and Five. Twenty Twenty's development team continues to build on these relationships and is able to tailor their development accordingly, in line with what the broadcasters require, focusing on creating original ideas that have the potential to be profitable.

Twenty Twenty's finished programmes and formats are sold around the world providing significant value. This trend is expected to continue in 2008 and 2009 as Twenty Twenty benefits from the high number of repeat series that have been commissioned and are in the pipeline.

Financial Information

| Year ended 31 May 2007 £ '000 | 2006 Audited | 2007 Unaudited |
|--|-------------------------|---------------------------|
| Revenue | 8,858 | 9,334 |
| Gross Profit | 2,365 | 2,840 |
| Pro-forma EBITDA | 1,518 | 2,115 |

Director Disclosures

Peter Casely-Hayford (49) Managing Director, Twenty Twenty, has been in the television industry since 1976. He began his career at the BBC in the Television Accounts department, where he gained experience of management and finance in the TV industry. Later, he moved to News and Current Affairs, managing programmes such as Question Time and Newsnight, before becoming Production Unit Manager of Panorama for 5 years. Peter joined Twenty Twenty in 1990 as the Manager of Production, looking after all areas of management within the Group. In 1996 Peter became a director shareholder of Twenty Twenty and was subsequently promoted to Managing Director in 2003. Since

that time he has been responsible for the running of the business and profitability of the company. Peter is a director of Twenty Twenty Productions Ltd and Twenty Twenty Brighton Ltd.

There are no further disclosures to be made under the AIM Rules.

Service agreement of the new executive Director

Peter Casely-Hayford has signed a service agreement with Shed for remuneration of £135,000 per annum, terminable on 12 months' notice by either Shed or the executive Director. The salary is subject to review by the Company's remuneration committee but there is no contractual entitlement to any increase in basic salary. Directors may be awarded bonuses at the discretion of the Remuneration Committee.

Peter Casely-Hayford is also subject to non-competition and non-solicitation covenants in favour of the Company for the period of their employment and for 12 months following the cessation of his employment.

Analyst meeting

An analyst meeting will be held at 09.00 today at the offices of Landsbanki Securities (UK) Ltd, 15 St Botolph Street, London EC3A 7QR.

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