Shed Media plc

30 April 2008

Final Results for the 16 months ended 31 December 2007
Shed Media Plc ("Shed" or "the Group"), one of the UK's leading independent producers and distributors of television content, today announces final results for the sixteen months ended 31 December 2007. (The irregular 16 month period is the result of a change to the Group financial year end reporting period announced in August 2007.)

Financial Highlights	**16 months ended 31 December 2007**	Year ended 31 August 2006
• Turnover	**£63.1m**	£43.5m
• Gross profit	**£23.4m**	£13m
• Adjusted* operating profit	**£11.1m**	£8m
• Pre goodwill amortisation operating margin	**18%**	18%
• Adjusted* profit before tax	**£10m**	£7.7m
• Adjusted** diluted earnings per ordinary share	**10.56p**	9.53p
• **Proposed final dividend of 1.1p, increase of 10% (2006: 1p)**		

*Adjusted profit before tax and adjusted operating profit are stated before goodwill amortisation
** Adjusted diluted earnings per ordinary share is before goodwill amortisation and FRS 20 charge. Statutory operating profit was £8.6m (2006: £6.9m) and statutory profit before tax was £7.5m (2006 £6.6m). Statutory diluted earnings per ordinary share was 6.42p

Operational Highlights

- A transformational period for Shed Media with the acquisition of three quality media companies:
    - Outright Distribution
    - Twenty Twenty
    - Wall to Wall
- Broadened genre, broadcaster and geographical base has transformed risk profile
- Major new commissions and re-commissions across all genres
- Acquisition of Outright enables vertical integration of distribution of Shed Media IP and growth of new third party rights business
- Revenue from US business growing strongly
- Revenue from rights exploitation growing strongly as library hours increase

Commenting on the results, Eileen Gallagher, CEO of Shed Media said:
“I am delighted to report strong profit growth and overall excellent progress made by the Shed Media Group. The Group has won important new commissions and re-commissions across all genres in the UK and in the US and has continued to successfully exploit its new and existing brands through our wholly owned distribution company, Outright.

“A major highlight of the period has been the acquisition of two of the best remaining independent production companies in the UK market, Twenty Twenty and Wall to Wall. These acquisitions have significantly broadened the Group’s brand count and broadcast customer base whilst securing valuable creative talent.

“We also made an important strategic acquisition of Outright Distribution which has enabled us to capture more profit from our Shed Media IP rights as well as build a valuable third party distribution business.

“The Group is making good progress in a difficult market in the UK. To date we have 64% of our target turnover secured for the current financial year including most of our major returning brands In the US our business is growing and we are leveraging unexploited Wall to Wall and Twenty Twenty brands into the lucrative US market.

“Shed Media is well positioned for further growth and we look forward to the future with confidence.”

Enquiries	
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An analyst presentation will be held today at 09.30 at the offices of Landsbanki Securities (UK) Ltd, 15 St Botolph Street, London EC3A 7QR. If you wish to attend, please contact Sharon Makin on 0791 810 8195

Chief Executive's Statement

OVERVIEW FOR THE 16 MONTHS
I am pleased to announce Shed Media's final results covering the 16 months to 31 December 2007.

Over the 16 months, adjusted operating profit increased to £11.1m. Operating margin, before goodwill amortisation, remains high at 18%, nearly double the industry average of 9.3%.*

Revenue from the Group's core activities, content production and IP exploitation, has grown strongly. During the period, the Group delivered 209 hours of programming – 38 hours of drama and 171of factual. Programmes included new ITV1 drama, Rock Rivals, Waterloo Road series three and Supernanny USA season three.

Shed Media's in-house distribution arm, Outright Distribution, has performed strongly, successfully distributing Shed Media content and growing its third party business. Revenue from the Group's IP exploitation accounted for 32% of gross profit. We expect this area of business to grow as the library expands with Shed Group and third party business.

One of the main highlights of the period was the acquisition of Twenty Twenty and Wall to Wall, two highly respected and trusted production companies, renowned for their compelling, quality programming. The acquisitions further diversify the Group's programme portfolio and broaden our broadcaster customer base. Both companies produce highly profitable programming across a wide range of genres and are an excellent fit alongside Shed Productions and Ricochet. Brands include Who Do You Think You Are?, New Tricks, Brat Camp and The Choir. The US presents further opportunities in which to launch Wall to Wall and Twenty Twenty formats and content.

Drama
During the 16 months, Shed Productions secured new drama commissions and re-commissions. A third series of Waterloo Road was re-commissioned and delivered for BBC1 during the period, with a substantial increase in the order from 12 hours to 20 hours. Rock Rivals, an 8 hour prime-time drama, was delivered for ITV1 and Catwalk Dogs, a 90 minute drama for ITV1 was delivered.

Post period, a fourth series of Waterloo Road has been re-ordered for BBC1 for a run of 20 hours and a new prime-time drama, Hope Springs has been ordered for BBC1 (8 x 60mins).

Shed currently has more major drama series in funded and non-funded development than ever before for broadcasters in the UK and the US.

Factual
Ricochet performed extremely well during the 16 months, securing 17 new series, 5 in the US and 12 in the UK, whilst delivering a total of 171 hours of programming.

The US business experienced strong growth. In the period, Supernanny USA 3 was delivered to the ABC Network and the order for Supernanny USA 4 was increased from an initial 13 episodes to 25 episodes. In addition, Ricochet delivered a new prime-time factual entertainment series, Fat March, to ABC. Other new commissions included an 8-part series for Bravo, The Real Housewives of New York City and a 7 x 60mins order for an extreme survival series, The Alaska Experiment, for Discovery US.

Post-period, ABC has ordered a 5th season of Supernanny USA (13 x 60mins) and a pilot episode of Super-Manny. Bravo has ordered a second season run of 10 episodes of The Real Housewives of New

York City following its ratings success and Discovery US has picked up a new 3 x 60mins major documentary series.

In the UK, highlights include two new series for the BBC, Blood Sweat and T-Shirts (4 x 60mins) and Open House (20 x 30mins) as well as two new brands for Five, Breaking into Tesco (6 x 60mins) and The Unbreakables (8 x 60mins). In the period, Ricochet also won its first commissions for ITV and UKTV. Ricochet also delivered new series of Supernanny UK, The Mummy Diaries and Born to be Different for Channel 4, and Living in the Sun and Extreme Dreams for the BBC.

Post-period, Channel 4 has ordered a new prime-time factual entertainment series, Danger Women (4 x 60mins), Five has ordered a new features series, Cowboy Builders (6 x 60mins), as well as re-commissioning Breaking into Tesco (6 x 60mins), and the BBC has ordered a new landmark documentary series (3 x 60mins).

Intellectual Property (IP) Exploitation
IP exploitation was strong and contribution to the bottom line accounted for 30% of gross profit. During the period Outright Distribution sold over 2,100 hours of television in 125 different countries. The programme library continues to grow and with effective exploitation by Outright Distribution, this provides a reliable and growing income stream going forward. Outright continues to capture more profit from Group product, whilst continuing to grow third party business.

A major highlight was securing record pre-sales for Shed's new ITV1 drama Rock Rivals prior to production and securing a Europe wide DVD deal.

Outlook
Four months into our current financial year we have 227 hours commissioned, representing over 80% of hours and 64% of revenue target. These commissions include most of the major revenue generating brands. Drama accounts for 38 hours, including a new peak time drama, Hope Springs for BBC1 (8 x 60mins) and re-commission of Waterloo Road (20 x 60mins) both for Shed Productions. A fifth series of New Tricks (8 x 60mins) for Wall to Wall and a new 90min drama, Whatever It Takes for Twenty Twenty. ABC has ordered a fifth series of Ricochet's Supernanny USA (13 x 60mins) and BBC1 has re-commissioned a fifth series of Wall to Wall's Who Do You Think You Are? (10 x 60mins).

In addition to the commissions for 2008, Wall to Wall has been re-commissioned to produce a sixth series of New Tricks (8 x 60mins) and sixth series of Who Do You Think You Are? (8 x 60 mins) both for BBC1 and due for delivery in 2009.

The US continues to be an attractive area for growth with our LA production office presently commissioned to make four series this year for broadcasters including ABC, NBC, Bravo and Discovery US. An additional four shows are in paid development with MTV, Spike and SoapNet. Supernanny USA is as strong as ever and the Group is looking forward to the benefit of syndication revenues from 2009.

Delivering on our stated strategy to leverage both Wall to Wall and Twenty Twenty into the US market, Wall to Wall has received its first commission from NBC to develop and cast six episodes for a US version of its successful brand, Who Do You Think You Are? Twenty Twenty has been commissioned by MTV to produce a pilot inspired by its successful Brat Camp format.

The acquisition of Outright Distribution in September 2006 has enabled the Group to capture more profit from its IP rights. The acquisition also made it possible for Outright Distribution to significantly transform its business. Its library has more than doubled with the addition of over 500 hours of major new brands from the Shed Media Group. Outright's strong and extensive library attracts all major international buyers as well as quality third party UK production companies.

With Shed Media now greatly diversified in terms of brand count and broadcast customers, the Group's risk profile has been transformed. The Group is making good progress in a difficult market in the UK and we are confident of achieving growth for the current financial year.

Eileen Gallagher
* PACT census 2007

Financial Review

Revenue and Profits

The 16 month period ending 31st December 2007 saw revenue increase to £63.1m (2006: 12 months - £43.5m)

Geographically, 66% of group revenue in 2007 was from the UK (2006: 71%), 26% from the US (2006: 19%) and 8% from the rest of the world (2006:10%).

During the period the Group was commissioned directly by 13 broadcasters in both the UK and US and sells production rights to over 125 territories worldwide.

Statutory reported operating profits are £8.6m with a reported profit on ordinary activities of £7.5m. Operating profits before goodwill amortisation are £11.1m with a profit before tax and goodwill of £10m

Operating margin before goodwill deduction for the period was 18% (2006: 18%) with gross margin at 37% (2006: 30%). The increase in the gross margin is due to stronger ancillary sales and corresponding lower amortisation rates.

Acquisitions

In September 2006 we completed the acquisition of Outright Distribution for £2m which was satisfied by £1m in cash and £1m in shares. An additional consideration of £0.5m in cash and £0.5m in shares is conditional upon profit performance for the period ending June 2008.

In October 2007 we completed the acquisition of Twenty Twenty for £18m which was satisfied by £13.4m in cash and loan notes and £4.6m in shares. An additional consideration of £1.0m in cash and loan notes is conditional upon profit performance for the period ending December 2008.

In December 2007 we completed the acquisition of Wall to Wall for £20.4m which was satisfied by £12.7m in cash and loan notes and £7.7m in shares. An additional consideration of £4m in shares and a super earnout of £1m in cash is conditional upon profit performance for the period ending June 2009.

Capital Structure and Treasury Policy

During the period the company increased issued ordinary shares to 78,970,292 ordinary shares of 0.1p each. The increase in issued ordinary shares financed both the final earn-out for Ricochet Limited and the acquisitions of Outright, Twenty Twenty and Wall to Wall.

During the period we arranged a debt facility of £44m with Barclays and the Bank of Ireland to help fund the acquisitions and to provide a working capital facility consisting of;

A £32m five year facility to fund Outright, Twenty Twenty, Wall to Wall and to refinance the existing debt facility used to purchase Ricochet.

A £4m in guaranteed loan notes to fund Outright, Twenty Twenty and Wall to Wall which are redeemable in one year.

The company also has a £8m working capital facility which had not been drawn down by the period end.

Earnings per Share
Basic earnings per share in the period was 6.49p (2006: 7.44p) based on earnings of £4.3m divided by the weighted average number of shares in issue during the period of 66,092,144 (2006: 57,634,688). Diluted earnings per share in the period was 6.42p (2006: 7.37p) based on the weighted average number of shares in issue of 66,827,444 (2006: 58,151,598).

After adjusting for FRS 20 charges and goodwill amortisation, adjusted basic earnings per share was 10.67p (2006: 9.6p) and adjusted diluted earnings per share is 10.56p (2006: 9.53p).

Cash flow
Net Cash Inflow from operating activities was £6.5m (2006: £10.4m), with the main movements being a £3m increase in debtors due to timing of productions and a decrease in creditors of £5.2m.

The overall net cash decreased by £72k (2006: £1m increase) which was the net of the overall growth in the business offset by the acquisitions made during the year.

Balance Sheet

Fixed assets The £5.3m increase in film assets during the period represents the capitalisation of new productions during the period and the addition of the Twenty Twenty and Wall to Wall film libraries. In the current period Shed Media plc depreciated on average 82% of assets arising from new drama productions and 90% on new factual entertainment productions. The remainder will be amortised over the life of the production defined by expected future sales. The £1.3m increase in Fixtures, Fittings and equipment includes a combination of additions from acquisitions, leasehold improvements, and new edit suites.

Debtors The increase in debtors in the period is due to the inclusion of Outright, Twenty Twenty and Wall to Wall debtors. Of the £18.2m (2006: £9.2m), £7m were trade debtors and £9.2m represented accrued income.

Creditors Due Within One Year The increase in creditors in the period to £27.7m (2006: £21.2m) has been partly due to the inclusion of Outright, Twenty Twenty and Wall to Wall creditors but also partly due to short term bank loans for production of Rock Rivals £3.6m and New Tricks £1.8m.

Creditors Due After One Year During the period creditors due after one year increased to £26.4m (2006: £nil) as a 5 year loan facility was arranged to purchase Outright, Wall to Wall and Twenty Twenty.

Goodwill During the period an additional £43.4m of goodwill representing the excess of the purchase price over the fair value of net assets acquired with Outright, Wall to Wall and Twenty Twenty was recognised and is being written off over 20 years.

International Financial Reporting Standards

Shed Media plc will be reporting under International Financial Reporting Standards ('IFRS') from the year commencing 1 January 2008. Management are currently reviewing how this change will affect future results.

Taxation

The tax charge for the period is £3.2m at an effective rate of 32% (2006: 30%) on the operating profit before goodwill amortisation. The effective rate has increased due to a proportion of the operating profit being taxed in the USA.

Jonathon Kemp

SHED MEDIA PLC
Consolidated Profit and Loss Account
for the period ended 31 December 2007

	Notes	Continuing 16 Months ended 31 December 2007	Acquisitions 16 Months ended 31 December 2007	Total 16 Months ended 31 December 2007	Year ended 31 August 2006
		£’000	£’000	£'000	£'000
Turnover		56,248	6,860	63,108	43,487
Cost of sales		(35,481)	(4,181)	(39,662)	(30,520)
Gross Profit		**20,767**	**2,679**	**23,446**	**12,967**
Other operating expenses (net)		(10,439)	(1,881)	(12,320)	(4,975)
Goodwill amortisation		(1,994)	(526)	(2,520)	(1,088)
Administrative Expenses		**(12,433)**	**(2,407)**	**(14,840)**	**(6,063)**
Operating profit		**8,334**	**272**	**8,606**	**6,904**
Interest receivable and similar income				228	133
Interest payable and similar charges				(1,313)	(437)
Profit on ordinary activities before taxation				**7,521**	**6,600**
Taxation	*2*			**(3,231)**	**(2,310)**
Profit for the period/year				**4,290**	**4,290**
Basic earnings per ordinary share	*4*			**6.49p**	**7.44p**
Diluted earnings per ordinary share	*4*			**6.42p**	**7.37p**

SHED MEDIA PLC
Consolidated Balance Sheet
31 December 2007

	Notes	31 December 2007 £'000	31 August 2006 £'000
Fixed Assets			
Goodwill		68,804	27,940
Tangible assets		12,383	5,789
		81,187	**33,729**
Current Assets			
Stock and work in progress		-	203
Debtors		18,186	9,222
Cash at bank and in hand		6,559	6,631
Total Current Assets		**24,745**	**16,056**
Creditors: amounts falling due within one year		(27,711)	(21,160)
Net Current Liabilities		**(2,966)**	**(5,104)**
Total assets less current liabilities		**78,221**	**28,625**
Creditors: amounts falling due after more than one year		(26,400)	-
Provisions for liabilities		**(6,982)**	**(5,323)**
Net assets		**44,839**	**23,302**
Capital and reserves			
Called up share capital	*5*	79	60
Share premium		28,241	9,990
Share option reserves		453	213
Own shares held in trust		(450)	-
Profit and loss account	*6*	16,516	13,039
Equity shareholders' funds		**44,839**	**23,302**

Consolidated Cash flow
for the period ended 31 December 2007

	Notes	16 months ended 31 December 2007 £'000	Year ended 31 August 2006 2006 £'000
Net Cash Inflow from Operating Activities	**I**	6,500	10,369
Returns on investment and service of finance			
Interest received		228	133
Interest paid		(1,313)	(437)
Net Cash Outflow from returns on investment and servicing of finance		**(1,085)**	**(304)**
Taxation		**(2,141)**	**(4,390)**
Capital Expenditure			
Payments to acquire film assets		(3,461)	(3,124)
Payments to acquire tangible fixed assets		(4,317)	(28)
Sales from proceeds of fixed assets		6	-
Net Cash Outflow from capital expenditure and financial investments		**(7,772)**	**(3,152)**
Acquisition			
Purchase of subsidiary undertaking		(30,523)	(7,500)
Expenses to acquire subsidiary undertaking		(930)	(603)
Cash held by subsidiary undertaking on acquisition		2,369	6,248
Net Cash Outflow for acquisition		**(29,084)**	**(1,855)**
Equity Dividends Paid		**(813)**	**(649)**
Net Cash (Outflow) / Inflow before use of liquid resources and financing		**(34,395)**	**19**
Financing			
New borrowings		34,773	1,000
Purchase of own shares		(450)	-
Net Cash Inflow from financing		**34,323**	**1,000**
(Decrease)/Increase in cash in the period/year		**(72)**	**1,019**

Notes to the Consolidated Cash Flow Statement
for the period ended 31 December 2007

Reconciliation of operating profit to net cash inflow from operating activities	2007 £'000	2006 £'000
Operating Profit	**8,606**	**6,904**
Depreciation charge	3,056	1,979
Goodwill amortisation	2,520	1,088
Loss on disposal	18	-
Share option charge	240	163
Decrease in stocks	203	1,314
Increase in debtors	(2,971)	(1,795)
(Decrease)/ increase in creditors	(5,172)	716
Net Cash inflow from operating activities	**6,500**	**10,369**

Analysis of movement in the Group's net funds in the period

	At 1 September 2006 £'000	Cash flow £'000	Acquisitions £'000	At 31 December 2007 £'000
Cash at bank and in hand	6,631	(2,441)	2,369	6,559
Bank loans	(1,000)	(34,773)	(1,306)	(37,079)
	5,631	(37,214)	1,063	(30,520)

III. **Reconciliation of Net Cash Flow to movement in Net Funds**

	2007 £'000	2006 £'000
(Decrease) / increase in cash in the period	(72)	1,019
Cash (inflow) from increase in debt and lease financing	(36,079)	(1,000)
Change in net funds resulting from cash flows	(36,151)	19
Net Funds at 1 September 2006	5,631	5,612
Net Debt at 31 December 2007	**(30,520)**	**5,631**

IV Non Cash Movements

On 25 September 2006 the Group increased issued Share Capital as part of the acquisition of Outright Distribution Limited see note 7. On 19 September 2007 the Group issued Share Capital and £2m in loan notes as part of the acquisition of Twenty Twenty Productions Limited see note 7. On 29 November 2007 the Group issued Share Capital and £2.1m in loan notes for the acquisition of Wall to Wall Limited see note 7.

1. Accounting Policies

The financial information contained in this document does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The figures for the period ended 31 December 2007 have been derived from the annual accounts in respect of which the auditors have not yet signed their audit report. The figures for the year ended 31 August 2006 have been extracted from the audited statutory accounts for that year which have been filed with the Registrar of Companies and received an unqualified auditors' report which did not contain a statement under section 237(2) or (3) of the Companies Act 1985

The Group has changed its accounting policy for share based payment transactions following the adoption of a new accounting standard FRS 20 'Share-Based Payments'. Previously the Group recognised share-based payments under UITF 17 amortising share options over the life of the share based on the difference between the exercise price and the market value of the share price at grant. FRS 20 requires the recognition of a charge for share based payment transactions, which involve for example share options granted to employees that require a certain length of service before vesting. The standard requires the change to be applied retrospectively and this has been assessed and the historical charge under UITF17 not found to be materially different from the charge which would have arisen under FRS 20 and therefore no comparative adjustments have been made.

2. Taxation	16 months ended 31 December 2007 £'000	Year ended 31 August 2006 £'000
Current taxation		
UK corporation tax charge for the period	3,002	2,250
Adjustment in respect of prior periods	(707)	(6)
Total current tax	2,295	2,244
Deferred tax	936	66
Total tax	**3,231**	**2,310**

3. Dividends Group	16 months ended 31 December 2007 £'000	Year ended 31 August 2006 £'000
Final Proposed Dividend at 31 August 2006 and 31 August 2005 – 1p per ordinary share (2006: 1p)	650	500
Interim Dividend – 0.25p per ordinary share (2006: 0.25p)	163	149
Final proposed dividend – 1.1p per ordinary share	-	
Equity Dividends paid in the year	**813**	**649**

The final dividend proposed at 31 August 2006 totalling £650,000 was paid to share holders registered at the close of business on 12 January 2007 on 9 February 2007.

The interim dividend proposed on 28 February 2007 totalling £163,000 was paid on 5 July 2007 to shareholders registered at the close of business on 8 June 2007.

The final dividend proposed at 31 December 2007 is payable to share holders on 18 July 2008 registered at the close of business on 20 June 2008.

4. Earnings per ordinary share

Basic earnings per share are calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares has been adjusted for the issue of shares during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion for all dilutive potential ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares, determined in accordance with the provisions of FRS 22.

	16 months ended 31 December 2007 No of shares	**Year ended 31 August 2006 No of shares**
Weighted average number of shares in issue	66,092,144	57,634,688
Weighted average number of dilutive shares - share options	735,300	516,910
Total number of shares for calculating diluted earnings per share	**66,827,444**	**58,151,598**

The alternative measure of earnings per share is provided because it reflects the Group's underlying trading performance by excluding the effect of goodwill amortisation and share scheme amortisation.

	16 months ended 31 December 2007 £'000	**Year ended 31 August 2006 £'000**
Basic and diluted earnings	4,290	4,290
Goodwill amortisation	2,520	1,088
Share Option Charge	240	163
Underlying earnings before goodwill and share option charge	7,050	5,541

Earnings per share is calculated as follows:

	16 months ended 31 December 2007 p	**Year ended 31 August 2006 p**
Basic earnings per ordinary share	**6.49**	**7.44**
Diluted earnings per ordinary share	**6.42**	**7.37**
Basic earnings per ordinary share before goodwill and share option charges	**10.67**	**9.61**
Diluted earnings per ordinary share before goodwill and share option charges	**10.56**	**9.53**

5. Share Capital - Group and Company	31 December 2007 £'000	31 August 2006 £'000
Authorised:		
80,000,000 ordinary shares at 0.1 pence each	80	80
Allotted issued and fully paid		
78,970,292 (2006: 59,916,944) ordinary shares at 0.1 pence each	79	60

On the 25 September 2006 the issued share capital was increased with the issue of 772,200 ordinary shares of 0.1p each to fund the acquisition of Outright Limited.
On 31 October 2006 the issued share capital was increased from 59,916,944 to 64,252,514 through the issue of 4,335,570 ordinary shares of 0.1p each. This was to fund the earn – out on the acquisition of Ricochet Limited.
The issued share capital was further increased on the 19 September 2007 by 5,033,168 ordinary shares of 0.1p each to fund the acquisition of Twenty Twenty Productions Ltd.
On the 29 November 2007 the issued share capital was increased to 78,970,292 with the issue of 8,912,410 ordinary shares of 0.1p each to fund the acquisition of Wall to Wall Ltd.

6. Reconciliation in Movement of Shareholders' Funds	31 December 2007 £'000	31 August 2006 £'000
Profit for the Period/Year	**4,290**	**4,290**
Equity Dividends Paid	(813)	(649)
	3,477	**3,641**
New share capital subscribed	18,270	10,000
Share Option Reserves	240	163
Own shares held in trust	(450)	-
Net Increase in shareholders' funds	**21,537**	**13,804**
Opening shareholders' funds	**23,302**	**9,498**
Closing shareholders' funds	**44,839**	**23,302**

7 Acquisitions

Outright Distribution Limited

On 25 September 2006 the Group acquired the issued share capital of Outright Distribution Limited for initial consideration of £2.0 million satisfied by £1.0 million in cash and £1.0 million through the issue of 772,200 new ordinary shares at 129.5 pence per share, representing 1.3% of the enlarged issued share capital of the Company. The cash element of the consideration was funded from the Group's existing cash resources.

In addition, subject to certain performance criteria for the period to 30 June 2008, additional consideration of up to £1.0 million will be payable in new ordinary shares and cash. This has been provided for within provisions for liabilities. The total maximum consideration is therefore £3.0 million.

On 18 January 2007 Screentime Partners Limited was renamed Outright Distribution Limited.

This acquisition has been incorporated into the Group's balance sheet at the fair value at the date of acquisition.

Assets and liabilities acquired

	Book Value £'000	Fair Value Adjustments £'000	Fair Value £'000
Tangible fixed assets	4	-	4
Debtors	885	(143)	742
Cash at bank and in hand	195	-	195
Creditors	(1,177)	-	(1,177)
Net liabilities acquired	**(93)**	**(143)**	**(236)**
Goodwill capitalised			**3,316**
Total cost of acquisition			**3,080**
Comprising			
Cash			1,000
Shares allotted			1,000
Deferred consideration – cash and shares to be allotted			1,000
Costs			80
Total			**3,080**

Effect of acquisitions on Cash flow	**16 months ended 31 December 2007 £'000**
Net Cash Inflow from Operating Activities	349
Taxation	(47)
Net Cash Outflow from capital expenditure	(220)
Net Cash Inflow before use of liquid resources and financing	**82**
Increase in cash	**82**

Additional statutory information
Loss after tax for the period between 1 July 2006 to 25 September 2006 was £218,482 and for the year ending 30 June 2006 £75,874

Twenty Twenty Productions Limited

On 19 September 2007 the Group acquired the issued share capital of Twenty Twenty Productions Limited for initial consideration of £18.0 million satisfied by £11.4 million in cash and £4.6 million through the issue of 5,033,165 new ordinary shares at 91.5 pence per share, representing 6.3% of the enlarged issued share capital of the Company, and £1.89 million in Loan Notes.
In addition, subject to certain performance criteria for the period to 31 December 2008, additional consideration of up to £1.3 million will be payable in ordinary shares and loan notes. This has been provided for within provisions for liabilities. The total maximum consideration is therefore £19.3 million.
This acquisition has been incorporated into the Group's balance sheet at the fair value at the date of acquisition.

Assets and liabilities acquired

	Book Value £'000	**Accounting Policy Alignment £'000**	**Fair Value £'000**
Tangible fixed assets	50	369	419
Debtors	1,606	(284)	1,322
Cash at bank and in hand	814	-	814
Creditors	(1,323)	237	(1,086)
Net Assets acquired	**1,147**	**322**	**1,469**
Goodwill capitalised			**18,036**
Total cost of acquisition			**19,505**
Comprising:			
Cash			11,444
Shares allotted			4,605
Loan Notes			1,890
Deferred consideration – Shares, loan notes and cash			1,214
Costs			352
Total			**19,505**

Effect of acquisitions on Cash flow	**16 months ended 31 December 2007 £'000**
Net Cash Inflow from Operating Activities	407
Net Cash inflow from returns on investment and servicing of finance	**16**
Net Cash Outflow from capital expenditure	**(70)**
Net Cash Inflow before use of liquid resources and financing	**353**
Increase in cash	**353**

Additional statutory information

	Period 01 June 2007 to 30 September 2007 £'000	**Year Ending 31 May 2007 £'000**
Turnover	2,608	9,259
Operating Profit	459	1,493
Profit before Tax	491	1,527
Profit after Tax	344	1,094

Wall to Wall Holdings Limited

On 29 November 2007 the Group acquired the issued share capital of Wall to Wall Limited for initial consideration of £20.4 million satisfied by £10.6 million in cash and £7.7 million through the issue of 8,912,410 new ordinary shares at 86 pence per share, representing 11.1% of the enlarged issued share capital of the Company, and £2.1 million in Loan Notes.

In addition, subject to certain performance criteria for the period to 30 June 2009, additional consideration of up to £4 million payable in ordinary shares which has been provided for with provisions for liabilities. An additional super earnout of £1m in cash is payable if targets are exceeded. Additional consideration of £1.2m is payable as an acquired tax asset is utilised. The total maximum consideration is therefore £26.6 million.

This acquisition has been incorporated into the Group's balance sheet at the fair value at the date of acquisition.

Assets and liabilities acquired

	Book Value £'000	**Accounting Policy Alignment £'000**	**Fair Value £'000**
Tangible fixed assets	547	1,094	1,641
Debtors	3,845	1,490	5,066
Cash at bank and in hand	1,360	-	1,360
Creditors	(4,827)	-	(4,827)
Work in progress	1,214	(1,214)	-
Net Assets acquired	**2,139**	**1,370**	**3,509**
Goodwill capitalised			**22,302**
Total cost of acquisition			**25,541**
Comprising			
Cash			10,579
Shares allotted			7,664
Loan Notes			2,120
Consideration relating to tax asset			1,142
Deferred consideration – Ordinary Shares and Cash			3,529
Costs			507
Total			**25,541**

Wall to Wall Holdings Limited (continued)

Effect of acquisitions on Cash flow	**16 months ended 31 December 2007 £'000**
Net Cash inflow from Operating Activities	(1,329)
Net Cash Outflow from capital expenditure	**(9)**
Net Cash Inflow before use of liquid resources and financing	**(1,338)**
Net Cash Inflow from financing	**569**
Decrease in cash	**(769)**

Additional statutory information

	Period from 1 July 07 to 30 November 2007 £'000	**Year Ending 30 June 2007 £'000**
Turnover	5,237	19,501
Operating Profit	1,421	982
Profit before Tax	587	1,248
Profit after Tax	411	851