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Press release 071019



ZODIAK TELEVISION STRENGTHENS ITS CAPITAL BASE THROUGH A RIGHTS ISSUE OF CONVERTIBLES OF A MAXIMUM OF APPROXIMATELY SEK 177 MILLION

- The Board of Directors of Zodiak Television decided on October 19, 2007 to carry out an issue of convertibles with preferential rights for the company's shareholders
- The Board of Directors also decided to complete the previously announced acquisition of Kanakna and carry out a non-cash issue of a maximum of 5,309,485 shares in Zodiak Television directed to the owners of Kanakna
- Proceeds from the rights issue of a maximum of approximately SEK 177 million¹ will be used partly to finance prior acquisitions and also to have available the means for future acquisitions aimed at strengthening Zodiak Television's position in the European market for TV production
- An Extraordinary General Meeting will be held on November 5, 2007 to resolve on the Board of Director's decisions on the above mentioned issues of convertibles and shares

ISSUE OF CONVERTIBLES

Zodiak Television has successfully carried out a number of acquisitions in striving to become a leading player in the European market for TV production. The Group now needs to strengthen its capital base, in order to finance the most recent acquisitions, while at the same time creating the conditions for continued expansion.

Accordingly, the Board of Zodiak Television has decided, conditional on approval of an Extraordinary General Meeting, to carry out an issue of convertibles that, assuming that the issue is fully subscribed, is expected to generate proceeds to the company of a maximum of SEK 177.2 million before deduction of transaction expenses. The right to subscribe for convertibles is offered to the company's shareholders, in which four (1:4) shares held carries entitlement to subscribe for one convertible in the nominal amount of SEK 27. The subscription price is 100 percent of the nominal amount per convertible, i.e., SEK 27 per convertible. The record date for the right to participate in the issue shall be November 14, 2007. Subscription for convertibles shall be made during the period November 19 – December 7, 2007.

It is the Board's intention that a minimum of 50 percent of the rights issue of convertibles shall be secured through declarations of intent or guarantee undertakings from existing shareholders or external parties.

TERMS AND CONDITIONS FOR THE CONVERTIBLES

The convertibles carry an annual interest rate of six percent from and including January 1, 2008 up to and including May 31, 2013. Interest is paid on May 31 each year, and finally on May 31, 2013. The convertibles mature for payment in the nominal amount on May 31, 2013, to the extent that conversion to shares has not occurred prior thereto. Conversion to shares may be effected from the registration of the rights issue at the Swedish Companies Registration Office (*Sw: Bolagsverket*) up to and including March 31, 2013. The conversion price is SEK 27. At full conversion, the number of shares in the company will increase by 6,564,075 corresponding to a dilution of 20 percent.

The prospectus, application form and pre-printed issue statement will be sent to Zodiak Television's shareholders beginning on or about November 16, 2007.

¹ Assuming that the acquisition of Kanakna is carried out as planned, see below.

ACQUISITION OF KANAKNA

Zodiak Television announced its intention to acquire the Kanakna Group on October 1, 2007. The purchase consideration for the acquisition of Kanakna will partly be paid through the above mentioned non-cash issue and partly in cash. The subscription price in the non cash issue has been set at SEK 26.1045 per share. The acquisition is planned to be completed in connection the shareholders' meeting.

Through the non-cash issue to the three owners in Kanakna, they will together become Zodiak Television's largest shareholders, with 20 percent of the share capital and votes. The three owners in Kanakna have in a lock-up agreement agreed to certain restrictions in their rights to transfer the shares they receive in the non-cash issue.

The owners in Kanakna have undertaken to participate in the rights issue of convertibles with a minimum of SEK 27 million.

EXTRAORDINARY GENERAL MEETING

The Board of Directors of Zodiak Television has decided to convene an Extraordinary General Meeting on November 5, 2007, at 10am to approve the decisions by the Board of Directors referred to above.

Zodiak Television's largest shareholder, Intercommerce, with approximately 12 percent of the share capital and votes, has announced that it will vote in favor of approval of the Board's decisions on a rights issue of convertibles.

For further information about the Extraordinary General Meeting, reference is made to the separate notice.

TIMETABLE FOR RIGHTS ISSUE OF CONVERTIBLES

November 5, 2007 – Extraordinary General Meeting

November 9, 2007 – Publication of prospectus

November 9, 2007 – Last day of trading in Zodiak Television share including subscription rights

November 12, 2007 – First day of trading in Zodiak Television share exclusive of subscription rights

November 14, 2007 – Record date

November 16, 2007 – Distribution of prospectus and application form

November 19 - December 4, 2007 – Trading in subscriptions rights

November 19 - December 7, 2007 – Subscription period

ADVISER

Financial adviser to Zodiak Television in conjunction with the transactions is Carnegie Investment Bank AB.

Stockholm, October 19, 2007

Zodiak Television AB (publ)

Board of Directors

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Zodiak Television AB carries on the development, production and sales of TV programmes under the brand names of ***MTV Mastiff, Mastiff Media, Mastiff, Jarowski, T & T Broadcaster, Look Entertainment, Diverse Productions, Social Club Production 5th Element, Bird, TeleAlliance, Dixi Media, YS Films, Bullseye and Kanakna*** in Sweden, Denmark, Norway, Finland, England, USA, Poland, Russia, Ukraine, the Netherlands and Belgium. The subsidiary company ***Zodiak Television World*** sells the programmes and rights of the Group and other production companies in the international market with customers in more than 70 countries.