

Half Year Report

2008

www.arbomedia.net



Key figures (IAS/IFRS – unaudited –)

(In thousand euros, except number of employees, equity ratio, shares issued and earnings per share)	01.01. - 30.06.2008	01.01. - 30.06.2007 restated	01.04. - 30.06.2008	01.04. - 30.06.2007 restated
P&L figures				
Sales (consolidated)				
Western Europe	1,990	1,426	947	420
Eastern Europe	40,212	33,426	23,987	19,323
Total sales	42,202	34,852	24,934	19,743
Cost of sales	-34,872	-29,303	-20,595	-16,493
Gross profit	7,330	5,549	4,339	3,250
Selling and General administration expenses	-6,913	-5,706	-3,702	-2,824
Operating result	1,668	-185	1,528	253
Earnings per share (01.01. - 30.06.)	0.18	0.09	0.22	0.14
Shares issued (due date)	3,915,851	3,915,851	3,915,851	3,915,851

	30.06.2008	31.12.2007
Balance sheet key figures		
Cash and cash equivalents	4,931	6,787
Balance sheet total	42,447	39,042
Shareholders` equity	4,821	3,999
Equity ratio	11.36%	10.24%

	30.06.2008	31.12.2007
Other key figures		
Number of employees (due date)	554	493

Interim Consolidated Financial Statements for the Second Quarter and First Half of the 2008 Business Year

ARBOmedia AG Group

A) Management report of the ARBOmedia AG Group

1. Business activities

The ARBOmedia AG Group (hereinafter also referred to as „ARBOmedia“ or „ARBOmedia Group“) specialises in selling advertising time and space in the TV, print, internet and radio media. Alongside these marketing activities, the ARBOmedia AG Group also pursues the goal of extending its value chain by running its own media and communication platforms and integrating these into its advertising marketing activities.

ARBOmedia's business activities focus on Eastern Europe – in particular the Czech Republic, Poland and Romania – but it also has operations in other Eastern and Southern European countries and Germany. The Group's parent company, ARBOmedia AG, Munich, is a financial and management holding. Its business activities are restricted to centralised administrative tasks and financing and managing its subsidiaries.

2. Course of business of the ARBOmedia AG Group

In the first half of 2008, the ARBOmedia AG Group systematically drove forwards the work involved in managing the restructuring of the Group started the previous year. Within this context, the company management concentrated on further establishing the newly introduced competence-centre structure for the three main fields of activity in the Group, on further streamlining and simplifying the organisational structure during the period under review, as well as focusing the Group on its core activities and abandoning less promising and/or unprofitable fringe activities. In doing so, the Group made great progress during the period under review. The restructuring should be largely completed by the end of the 2008 business year.

For example, operative responsibility for the TV segment now lies with the Czech subsidiary ARBOmedia.net Praha spol. s.r.o., Prague. Operative responsibility for the Internet segment was allocated to ARBOmedia Polska Sp.zo.o., Warsaw, while the Publishing and Supplementary Business activities were managed in the Romanian company EMI European Media Investment AG.

In addition to these organisational measures, ARBOmedia also worked on slimming down the Group structure within Germany during the first half of the year. This was to exploit further savings potential while at the same time improving the Group's efficiency levels.

In the context of the increased focus on the core activities, ARBOmedia sold, for example, the marketing rights to Turkish-language niche channels in Germany during the reporting period and held negotiations on the sale of subsidiaries. We refer here to our statements made in Sections A.2.1, C.1 and C.2 of these Interim Consolidated Financial Statements.

Thanks to the activities launched and the extremely stable economic development in the three main markets – Czech Republic, Poland and Romania – ARBOmedia was able to considerably improve its operating result during the reporting period as against the (adjusted) result from the first half of 2007. In addition, ARBOmedia also improved its sales and profit significantly in the second quarter of 2008 as compared to the first quarter. The biggest driving force behind the Group remained the Internet segment, which increased its sales in the first half of 2008 by 156 percent up to 9.1 million euros. This segment has thus developed into an important pillar of the ARBOmedia AG Group during the first half of this year, making a major contribution to reducing the Group's dependence on the Classic Advertising Marketing segment.

For the first half year, ARBOmedia reports a profit of 1.0 million euros, after a 6-monthly loss of 0.8 Mio. euros in the same period the previous year. Alone in the second quarter of 2008, ARBOmedia generated 1.1 million euros of profit. The sale of the marketing rights to the two Turkish-language TV channels in Germany contributed 0.5 million euros to this positive result. During the period under review, ARBOmedia was in a phase of accelerating turnaround, but nonetheless, the general earnings situation was still not satisfactory.

The result was negatively affected in particular by expected start-up losses in the Romanian publishing business. As in the same period the previous year, profits were not adversely affected by negative special items in the first half of 2008.

We refer to the Notes on the Consolidated Financial Statements for the adjustment of the previous year figures.

In the following we report on the business developments in the individual business segments in which ARBOmedia is active.



2.1 Classic advertising marketing

In the Classic Advertising Marketing segment, the ARBOmedia Group divides its activities into the subsegments TV, Print and Radio. It has also allocated the Diversification subsegment to this segment. Overall, Classic Advertising Marketing remained the top seller for the ARBOmedia AG Group during the review period. However, in contrast to the Internet and Publishing segments, it only showed moderate sales growth of 4.2 percent. Thus, the importance of this segment for the business development of the ARBOmedia Group has reduced considerably as against the first half of 2007.

In first half year, ARBOmedia generated sales of 29.8 million euros in the Classic Advertising Marketing segment, after 29.3 million euros for the same period in 2007. The gross sales in the segment were 3.6 million euros in the first half of 2008 and thus 3 percent higher than the same period the previous year.

In doing so, ARBOmedia succeeded in the second quarter of 2008 in compensating for a drop in sales in the first quarter. Sales in this segment rose to 17.0 million euros between April and June 2008, which was more than 5.6 percent higher than the sales achieved in the first quarter of 2007, which amounted to 16.1 million euros.

The gross earnings in the segment for the second quarter of 2008 remained unchanged in comparison to the same quarter the previous year at 2.0 million euros. In the first quarter of 2008, ARBOmedia had increased its gross earnings to 1.7 million euros, after 1.5 million euros in the first quarter of 2007.

TV

Due to the development of the TV markets and the lack of potential for the future in this segment – which is of limited relevance for ARBOmedia – the management decided at the end of 2007, within the course of reviewing the company's business activities, to abandon the direct TV marketing activities in Slovakia, Romania and Turkey and to shift the responsibility for the international TV market activities to the Czech subsidiary ARBOmedia.net in Prague. In the period under review, ARBOmedia worked on executing this strategy. Furthermore, in the context of the ongoing restructuring measures and the abandonment of fringe activities, ARBOmedia returned the German exclusive marketing rights to Turkish-language niche television channels to the licensor for marketing. This resulted in income of 0.5 million euros for ARBOmedia.

In all, ARBOmedia's TV marketing income fell slightly in the first half of the 2008 business year. This figure was 22.8 million euros as compared to 22.9 million euros during the same period the previous year. The gross return from this subsegment fell by around 0.1 million euros down to 2.1 million euros, which meant it was down as against both quarter-year periods from 2007. At 13.3 million euros, revenues in the second quarter were nonetheless around 0.3 million euros higher year on year. As compared to the first quarter of 2008, ARBOmedia was able to increase its TV sales by around 40 percent.



ARBOmedia generated its TV marketing revenues almost exclusively by selling advertising time for the Czech state TV broadcaster. In doing so, ARBOmedia succeeded in carrying over its positive trend from the first three-month period to the second quarter, further increasing its earnings in the Czech Republic. In all, the Group reports a 5.7 percent growth in sales in the TV marketing business in the Czech Republic in the first half year.

Print

The ARBOmedia Print subsegment encompasses the marketing of advertising space in the printed media. The focus of the Print subsegment is on Romania. Here, ARBOmedia markets advertising space for around 40 publications. In addition, ARBOmedia also generates earnings in the Czech Republic marketing print advertisements. In all, ARBOmedia had sales in this segment of 3.8 million euros in the first half of 2008. This put the sales figure at the same level year on year. The gross return was 1.3 million euros.

The positive trend is attributable in particular to a pick up in business in the second quarter of 2008. Between April and June, ARBOmedia generated sales of 2.4 million euros in the Print segment and a gross return of 0.8 million euros. In the first quarter of 2008, ARBOmedia generated 0.9 million euros in sale in the Print segment and a gross return of 0.4 million euros.

Radio

The Radio subsegment flanks the activities of ARBOmedia AG Group in the TV, Print and Online subsegments. Here, ARBOmedia concentrated its advertising sales activities for radio on the Czech market during the period under review. In the Czech Republic in particular this is a component of the cross-media approach of ARBOmedia. In the first half of 2008, sales in the Radio segment developed well. They rose by 27.5 percent to 1.1 million euros. The gross return was around 56 percent higher than the previous year. In all, earnings in the second quarter of 2008 were a little higher of the first quarter.

Diversification

The Diversification subsegment encompasses in particular the consulting and media services of the subsidiary ARBOvision GmbH (hereinafter „ARBOvision“), which directly affect the marketing of TV, print and radio advertising. For example, they encompass cross, direct, interactive and mobile marketing concepts, as well as the media management systems AdLounge and ProLogue. Furthermore, ARBOmedia also has the Romanian subsidiary in the field of event marketing ARBOevents S.R.L. in the Diversification subsegment. The management intensively investigated the business activities in this subsegment within the course of the restructuring of ARBOmedia during the period under review. We refer the reader to Section C of this interim report.

ARBOmedia abandoned the direct marketing activities, which were also in this segment, during the review period, selling its shares in ARBODirect GmbH to the previous minority shareholder. This was done within the context of the restructuring and concentration on the core areas of business.



2.2 Publishing & supplementary business

In the Publishing and Supplementary Business segment, the ARBOmedia Group bundles its publishing activities in the field of print, excluding the selling of advertising space in the print products published by ARBOmedia, as these are allocated to the Classic Advertising Marketing segment. In this context we refer to Section A.2.1 of this interim report for more details. The sale of goods for resale in the publishing company's own kiosks is also included here as a supplementary business.

ARBOmedia's goal is to extend the company's value chain with the publishing activities and thus to consolidate the marketing position of the ARBOmedia Group over the long term. Accordingly, ARBOmedia is systematically executing its expansion strategy here. During the period under review, ARBOmedia concentrated its activities in this segment on the Romanian market for daily newspapers. In this country ARBOmedia publishes eight daily papers through its financial and management holding EMI European Media Investment AG and its operative subsidiaries.

In the first half of 2008 ARBOmedia worked hard to further improve its position on the Romanian daily newspaper market. ARBOmedia launched a new weekly TV supplement in Romania in May 2008. This supplement is delivered with the daily papers that EMI AG and Media Sud Europa SA publish in Romania, and it has now reached a circulation of around 100,000 copies.

Among its other activities, the management also pushed the establishment of a second printing shop in Romania. This shop is planned to go into action in the fourth quarter of 2008.

The business development in the segment went according to expectations. Segment sales grew by 77 percent in the first half year, up to 4.2 million euros. At 1.9 million euros, gross revenues grew by 56 percent year on year. ARBOmedia also reports a considerable enlivening of business in this segment in the second quarter of 2008 as against the first three-month period. Thus, sales in the second quarter amounted to 2.5 million euros after 1.8 million euros in the first quarter. And the gross revenue also went up from 0.7 million euros to 1.2 million euros. Here, ARBOmedia benefited from the increase in advertising volumes arising from the election in Romania. In all, ARBOmedia generated a loss in this segment again, however, due to the high cost of investments for building up its Romanian newspaper business.

2.3 Internet

The internet segment includes the marketing of websites and the operation of online platforms. In both the first and second quarters of 2008 this segment was the main growth driver at ARBOmedia. Internet sales rose by 156 percent in the first half of 2008, up to 9.1 million euros. In the first half of 2007 the internet activities had earned 3.6 million euros. The gross profit in this segment rose up to 2.1 million euros after 1.1 million euros in the first half of the previous business year. In the second quarter of 2008, ARBOmedia generated its highest sales figure in a quarter ever in this segment. It was 6.0 million euros after 2.6 million euros the year before. The gross revenue was 1.3 million euros after 0.9 million euros in the second quarter of 2007.

The Polish subsidiary ARBOmedia Polska made the biggest contribution to sales and earnings in this segment. It shared the market leadership in the field of selling online advertising in Poland with one other competitor and runs its own platforms. However, ARBOmedia also significantly grew its internet marketing business in Romania and the Czech Republic. Furthermore, in the period under review, ARBOmedia concentrated on continuing to drive the internationalisation of the Internet marketing activities. Here, the Group also launched its Internet business in Russia, with first sales already reported.

Furthermore, ARBOmedia also intensively pursued the build-up of another main pillar of business in the internet field during the period under review. The plan is to launch national versions of the social community platform goolive in six Eastern European states. In this context, ARBOmedia worked in particular on the technical and language realisation of the Polish platform in the first half of 2008. This will be the first of the planned Eastern European goolive spin-offs to go online, presumable in the fourth quarter of 2008.

3. Executive board and staff

3.1 Executive board

After four years as Chief Financial Officer, Gregor Battistini did not extend his contract on the executive board and left the company by mutual agreement on 31 March 2008 when his contract expired.

With effect from 1 April 2008, the supervisory board of ARBOmedia AG appointed Olaf Bergner as his successor. Bergner had previously already held a management position in the company

3.2 Employees

At the end of the second quarter of 2008, ARBOmedia employed 554 staff, as against 493 on 31 December 2007. The increase in the payroll is mainly attributable to the rise in staff numbers in the Internet segment in Poland.

4. Current legal disputes

The ARBOmedia AG Group remained involved in three legal disputes in Spain in the first half of 2008. In these disputes, ARBOmedia demands around 1 million euros from Canal Sur Radio S.A. and around 0.7 million euros from Canal Sur Television S.A. from claims as a commercial representative and claims for damages caused by the termination of the agency agreement. In a third dispute ARBOmedia claims 1.1 million euros from the broadcasting company Television Autonómica de Castilla-La Mancha S.A. on the same grounds.

After none of the three legal proceedings developed in 2007, the court of first instance reached its judgement on 14 March 2008 in the process against Canal Sur Radio S.A. It decided partially in favour of ARBOmedia's claim and ordered Canal Sur Radio S.A. to pay around 323,000 euros. In the opinion of ARBOmedia the calculation of this settlement is flawed, and it has appealed against the



amount of the adjudged settlement. Parallel to this, ARBOmedia moved to have the initial judgement enforced provisionally. Canal Sur Radio S.A. also appealed against the judgement.

5. Change of business address

ARBOmedia AG changed its business address on 15 March 2008 from Kaiserstraße 14, 80801 Munich, to Akademiestraße 7, 80799 Munich.

B) Report on the net assets, financial and income situation of the ARBOmedia AG Group for the second quarter and first half of 2008 in accordance with IFRS

1. General

In continuation of the retrospective adjustment of the comparative values in the 2007 consolidated financial statements ARBOmedia also adjusted the comparative values from the previous year to 30 June 2007. We refer here to our comments in the Notes.

The figures recognised in the following report therefore relate to the adjusted figures from the first half of 2007.

2. Net asset position

The net asset position of the ARBOmedia Group in the first half of 2008 is largely dominated by a rise in the balance sheet total, which was at 42.4 million euros on 30 June 2008 after 39.0 million euros on 31 December 2007.

On the assets side, current assets increased by 3.0 million euros. On the balance sheet date these amounted to 32.4 million euros. The main reason for this increase is the rise in accounts receivable from trading of 3.5 million euros up to 22.6 million euros. This development must be seen in conjunction with the increase in sales of advertising time, in particular in the second quarter.

In contrast, cash in banks and other financial assets fell from 6.8 million euros to 4.9 million euros. The other current financial assets rose to 4.3 million euros after 3.0 million euros at 31 December 2007.

Long-term assets rose by 0.4 million euros. They amounted to 10.0 million euros at 30 June 2008, after 9.6 million euros at 31 December 2007. The change is largely due to advance payments made for tangible assets amounting to 0.6 (prior year: 0) million euros. ARBOmedia purchased a new printing machine in the first quarter of 2008, which is expected to go into operation in the fourth quarter of this business year.

Liabilities rose especially due to the increase in accrued liabilities from 0.9 million euros to 3.9 million euros, income tax liabilities that rose by 0.6 million euros to 0.9 million euros and the 0.5 million euro increase in trade accounts payable up to 20.0 million euros. This all leads to current assets of 27.3 million euros after 24.8 million euros on 31 December 2007.

Non-current liabilities amounted to 10.3 (31 December 2007: 10.2) million euros. They include in particular the net assets attributable to the shareholders arising from consolidation of MCTV Entwicklung GmbH & Co. KG as a special purpose entity in the consolidated financial statements at 5.1 (prior year: 5.2) million euros and result from the restrictive IFRS regulations on reporting equity and the prohibition they contain that disallows private companies from reporting the equity item. The non-current assets also contain the unchanged profit participation rights of 4 million euros.

The equity capital of the ARBOmedia AG Group rose to 4.8 (prior year: 4.0) million euros. This is distributed between the equity of the shareholders of ARBOmedia AG with 3.2 (prior year: 2.4) million euros and minority shareholdings of 1.7 (prior year: 1.6) million euros.

The balance sheet loss on 30 June 2008 fell to 34.6 (prior year: 35.3) million euros. This drop is due to the profit made in the accounting period of 1.0 million euros, 0.7 million euros of which is allocable to the shareholders of ARBOmedia AG.

The equity ratio on the balance sheet date was 11.4 percent after 10.2 percent on 31 December 2007.

3. Financial position

The financial position was dominated by a net drop in cash funds in the first half of 2008 of 2.6 million euros. These amounted to 3.9 (prior year: 6.5) million euros on the balance sheet date. Cash and cash equivalents fell by 2.0 million euros here and the current liabilities due to banks increased by 0.6 million euros.

The change in liquidity is particularly due to cash outflows from current business activities amounting to 1.0 (prior year: 2.9) million euros and cash outflows from investment activity amounting to 0.9 (prior year: 0.8) million euros. The inflows from financing activities fell from 1.3 million euros the previous year to -0.3 million euros on 30 June 2008. Shareholder withdrawals and payouts for the acquisition of minority shareholdings are included here during the year under review. In the same period of the previous year there were cash inflows from new equity issued by minority interests within the scope of an increase of equity capital.

4. Income position

The income position of the Group is characterised by an increase in sales of 7.3 million euros up to 42.2 million euros in the first half of 2008, improved gross profit on turnover amounting to 7.3 (first half 2007: 5.5) million euros and a return to profits. ARBOmedia AG achieved a profit for the period of 1 million euros after a loss of 0.8 million euros in the first half of 2007.

The increase in the sales figures reflects the first successes from the Group's restructuring and the greater concentration on the Internet business. Sales in the Internet segment rose from 3.6 million euros to 9.1 million euros. The Publishing segment also grew considerably. Its sales rose to 4.2 (prior year: 2.4) million euros. Classic Advertising Marketing is still the segment with the greatest share of the overall sales. In this segment the Group reports an increase in sales up to 29.8 (prior year: 29.3) million euros.

The cost of sales reduced down to 3.3 million euros after 3.4 million euros in the same period the previous year. In contrast, the general administrative costs rose significantly by 1.3 million euros to 3.7 million euros.

Other operating income fell to 2.7 million euros after 1.5 million euros in the first half of 2007. This increase is mostly attributable to the income from returning exclusive marketing rights for two Turkish-language TV channels in Germany. Other operating expenditure fell by 0.1 million euros to 1.4 million euros.

Taxes on income and earnings were -0.5 (prior year: -0.5) million euros in the review period.

In the second quarter of 2008, ARBOmedia AG Group generated a profit of 1.1 million euros after a loss of 0.2 between April and June of 2007. The gross result is 4.3 (prior year: 3.3) million euros and the operating result is 1.5 million euros after 0.3 million euros in the second quarter of 2007.

Sales rose in the second quarter by 26 percent up to 24.9 (prior year: 19.7) million euros. Other operating income amounts to 2.1 (prior year: 0.7) million euros. The cost of sales remained slightly below the figure for the same quarter the previous year at 1.7 million euros. General administrative costs, in contrast, rose from 1.1 million euros to 2.0 million euros. Other operating expenditure also increased. It amounts to 1.2 million euros after 0.9 million euros in the second half of 2007.

C) Events after the balance sheet date

1. Goldbach Media acquires a majority stake in ARBOmedia AG and announces compulsory purchase offer

On 16 September 2008 the listed Swiss company Goldbach Media AG announced that it had acquired a majority of the shares in ARBOmedia AG through its subsidiary Goldbach Ost GmbH, Munich. Goldbach Ost is reported to hold 72.7 percent of the shares in ARBOmedia AG. Goldbach Media acquired, among other packages, those of the two main shareholders AMCO Gesellschaft für die Herstellung und Vermarktung von Medienprodukten und für Medienbeteiligungen mbH and BOCO Gesellschaft für die Herstellung und Vermarktung von Medienprodukten und für Medienbeteiligungen mbH. Goldbach Ost also announced that it is making the free float shareholders of ARBOmedia AG a compulsory purchase offer of 9.80 euros per share in ARBOmedia AG, in cash.

Within the scope of the majority acquisition by Goldbach Ost, the CEO of ARBOmedia AG, Dr. Georg Bogner, has retired from the board of directors. At the same time, the three current members of the supervisory board have laid down their mandates. Klaus Kappeler, CEO of Goldbach Media AG, Martin Radelfinger, Chief Business Development M&A Officer of Goldbach Media AG and Ronald Sauser, CEO of Sal. Oppenheim Corporate Finance (Switzerland) have been proposed as replacements for the supervisory board.

In an initial statement, the board of directors of ARBOmedia AG welcomed the entry of the Goldbach Group as the new majority shareholder, in particular because of the opportunities for growth and development for the company that this brings with it. The board considers the price for the compulsory purchase offer to be fundamentally fair, as it lies around 47 percent above the volume-weighted average price over the last three months before the day of announcing the assumption of control.

2. Integration of ARBOvision GmbH

After closure of the reporting period, ARBOmedia merged ARBOvision GmbH into ARBOmedia Deutschland GmbH within the framework of the Group restructuring. ARBOmedia expects this measure to result in cost savings and more efficiency in the operating business.

No further events of special importance have occurred since the end of the reporting period.

D) Forecast

The general economic development in Europe has become much worse in recent months. Early September, the EU Commission lowered its growth forecast significantly for the economies in the European Union. It now expects only an average economic growth rate of 1.4 percent. In April it had still assumed this figure would be 2.0 percent. Nonetheless, the growth expectations for the three most important countries for ARBOmedia remain well above the forecasts for Europe as a whole. The EU Commission expects the Polish economy to grow by 5.4 percent in 2008. This is even a small improvement over its former forecast. The general growth expectations for the Czech Republic are between 4 and 5 percent and experts expect more than 6 percent economic growth in Romania in 2008.

Against this general economic background, the management has come to the conclusion that the forecasts and other statements on the future of the ARBOmedia AG Group made in the 2007 financial statements still apply. The management is still convinced that the activities implemented and introduced during the restructuring form a good basis for improved sales and earnings in the ARBOmedia AG Group in this and the following business years. This said, the ongoing and upcoming activities can still bring with them burdens on earnings. The management sees the greatest growth potential in the Internet segment. It assumes that this segment will also make a considerable contribution to the result of the ARBOmedia AG Group in the second half of the ongoing business year. In the context of the further development of ARBOmedia we refer specifically to the forecast for the future development of ARBOmedia published in Section I of the financial statements for the 2007 business year.

E) Opportunities and risk report

The management's assessment of the opportunities and risks for the ARBOmedia AG Group has not changed as against the report for the 2007 business year. We therefore refer to the Opportunities and Risk Report published in Section J of the 2007 statements for a more detailed presentation of the opportunities and risks.

F) Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year

Munich, 22 September 2008
ARBOmedia AG



Alexander Sigl
Board Member Marketing,
Sales and New Business



Olaf F. Bergner
Board Member Finance



Consolidated statement of financial position based on IFRS

ARBOmedia AG, Munich

ASSETS

in ThEuros	30.06.2008	31.12.2007
A. CURRENT ASSETS		
I. Cash and cash equivalents	4,931	6,787
II. Accounts receivable and other financial assets		
1. Accounts receivable from trading	22,592	19,128
2. Other financial assets	4,347	3,001
3. Income tax receivables	353	338
III. Inventories	194	194
	32,417	29,448
B. NON-CURRENT ASSETS		
I. Fixed Assets		
1. Land and buildings	1,625	1,649
2. Technical equipment, plant and machinery	262	274
3. Fixtures, fittings and equipment	1,030	955
4. Advance payments	605	0
II. Intangible assets		
1. Licences, software and similar rights	3,060	3,178
2. Goodwill	3,175	3,200
III. Financial assets		
Investments and other loans	271	334
IV. Deferred taxes	2	4
	10,030	9,594
BALANCE SHEET total	42,447	39,042

Balance sheet notes please find under point 4 of the notes to the financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY

in ThEuros	30.06.2008	31.12.2007
A. CURRENT LIABILITIES		
I. Liabilities due to banks	1,050	780
II. Trade accounts payable	19,976	19,465
III. Other financial liabilities	1,464	1,287
IV. Income tax liabilities	897	287
V. Accrued liabilities	3,908	3,030
	27,295	24,849
B. NON-CURRENT LIABILITIES		
I. Fair value of partners' net equity	5,102	5,166
II. Participation Rights	4,000	4,000
III. Other financial liabilities	441	233
IV. Other Provisions	300	300
V. Deferred taxes	488	495
	10,331	10,194
C. SHAREHOLDERS' EQUITY		
I. Capital subscribed	3,916	3,916
II. Capital surplus	33,902	33,889
III. Retained Earnings	-34,650	-35,348
IV. Adjustments resulting from currency translation	-1	-85
Equity of the shareholders of ARBOMedia AG	3,167	2,372
V. Minority interests	1,654	1,627
	4,821	3,999
BALANCE SHEET total	42,447	39,042

Balance sheet notes please find under point 4 of the notes to the financial statements

Consolidated statement of comprehensive income based on IFRS

ARBOmedia AG, Munich

in ThEuros	01.01. - 30.06.2008	01.01. - 30.06.2007 restated	01.04. - 30.06.2008	01.04. - 30.06.2007 restated
1. Sales	42,202	34,852	24,934	19,743
2. Cost of Sales	-34,872	-29,303	-20,595	-16,493
3. Gross profit	7,330	5,549	4,339	3,250
4. Selling expenses	-3,255	-3,358	-1,718	-1,752
5. General and administrative expenses	-3,658	-2,348	-1,984	-1,072
6. Depreciation on Goodwill	-29	0	-29	0
7. Other operating income	2,683	1,477	2,099	718
8. Other operating expenses	-1,403	-1,505	-1,179	-891
9. Operating result	1,668	-185	1,528	253
10. Other interests and similar income	70	95	34	43
11. Interests and similar expenses	-205	-206	-101	-118
12. Financial result	-135	-111	-67	-75
13. Taxes on income	-520	-457	-351	-362
14. Net profit (p.y. nett loss)	1,013	-753	1,110	-184
thereof share of the shareholders of ARBOmedia AG	698	347	873	529
thereof share of minority shareholders	56	-118	112	167
thereof changes in the fair value of partners' net equity	259	-982	125	-880
Earnings per share*	0.18 €	0.09 €	0.22 €	0.14 €

(*) The diluted earnings per share correspond to the undeluted earnings per share in the financial periods shown above. There are no transactions with diluted effects.

Profit and loss notes please find under point 4 of the notes to the financial statements

Consolidated statement of changes in shareholders' equity based on IFRS

ARBOmedia AG, Munich

in ThEuros	Subscribed capital	Capital surplus	Retained Earnings	Currency translation adjustments	Equity of the shareholders' of ARBOmedia AG	Minority Interests	Total equity
Balance at 1. January 2006	3,736	33,682	-26,456	-97	10,865	0	10,865
Net income of the shareholders of ARBOmedia AG	0	0	1,323	0	1,323	0	1,323
Currency translation adjustments	0	0	0	67	67	0	67
Capital increase	180	882	0	0	1,062	0	1,062
Costs of the issuance of shares	0	-35	0	0	-35	0	-35
Minority interests from initial consolidation	0	0	0	0	0	1,918	1,918
Net income of minority interests	0	0	0	0	0	-15	-15
Other changes in equity	0	0	38	0	38	-38	0
Balance at 31. December 2006	3,916	34,529	-25,095	-30	13,320	1,865	15,185
Effects from restatement of previous year values							
Changes in the net income of the shareholders of ARBOmedia AG	0	0	-5,248	0	-5,248	0	-5,248
Changes in the minority interest from initial consolidation	0	0	0	0	0	118	118
Balance at 31. December 2006 - restated	3,916	34,529	-30,343	-30	8,072	1,983	10,055
Consolidated profit for Q2/ 2007	0	0	699	0	699	0	699
Currency translation adjustments	0	0	0	-150	-150	0	-150
Net income of minority interests	0	0	0	0	0	38	38
Balance at 30. June 2007	3,916	34,529	-29,644	-180	8,621	2,021	10,642
Effects from restatement of previous period values							
Change in the net income of Q2/ 2007	0	0	-351	0	-351	0	-351
Changes in the minority interest from initial consolidation	0	0	0	0	0	11	11
Balance at 30. June 2007 - restated	3,916	34,529	-29,995	-180	8,270	2,032	10,302
Balance at 1. January 2008	3,916	33,889	-35,348	-85	2,372	1,627	3,999
Consolidated profit for Q2/ 2008	0	0	698	0	698	0	698
Currency translation adjustments	0	0	0	84	84	0	84
Stock options	0	20	0	0	20	0	20
Acquisition of shares from minority shareholders	0	-7	0	0	-7	0	-7
Withdrawal from minority shareholders	0	0	0	0	0	-20	-20
Dividends paid to minority shareholders	0	0	0	0	0	-9	-9
Net income of minority interests	0	0	0	0	0	56	56
Balance at 30. June 2008	3,916	33,902	-34,650	-1	3,167	1,654	4,821

Consolidated statement of cash flows based on IFRS

ARBOmedia AG, Munich

in ThEuros	01.01. to 30.06.2008	01.01. to 30.06.2007 restated
Net profit for the year before paid interests and income taxes	1,850	-338
Paid taxes on income	-817	-305
Paid interests	-55	-206
Received interests	35	95
Depreciation of fixed assets	375	300
Depreciation of financial assets	35	0
Changes in the fair value of partners net equity	-83	49
Stock options for management	20	0
Losses on deconsolidation	16	0
Change in accounts receivable from trading	-3,464	640
Change in other financial assets and other assets	-1,359	-820
Change in trade accounts payable	511	-181
Change in accrued liabilities	878	379
Change in other financial liabilities and other liabilities	988	-2,552
Cash flow provided by operating activities	-1,070	-2,939
Investment in fixed and intangible assets	-876	-756
Disposal of fixed assets	0	40
Cash flow used for investment activities	-876	-716
Payout to minority shareholders	-9	0
Capital increase	0	1,300
Withdrawal of equity from minority shareholders	-240	0
Payment for the acquisition of shares from minority shareholders	-7	0
Cash flow used for financing activities	-256	1,300
Changes in net funds	-2,202	-2,355
Change in net funds resulting from currency translations and consolidation effects	76	41
Funds at the beginning of the period - restated	6,007	8,786
Net funds at the end of the period	3,881	6,472

in ThEuros	01.01. to 30.06.2008	01.01. to 30.06.2007 restated
Composition of net funds		
Cash and cash equivalents	4,931	6,963
Current liabilities due to banks	-1,050	-491
Net funds at the end of the period	3,881	6,472



Notes on the Consolidated Financial Statements for the first half of 2008

ARBOmedia AG, Munich

1. General

ARBOmedia AG (hereinafter also referred to as “ARBOmedia” or as the “Group”) is a large joint-stock company and has been listed on the regulated market since May 2000 in the “Prime Standard” segment of the Frankfurt Stock Exchange. The registered office of ARBOmedia AG is located at Akademiestraße 7, 80799, Munich.

The Consolidated Financial Statements are applicable as at the reporting date 30 June 2008 in the reporting currency euro. With regard to the correction of the values published in the previous year, we refer to our comments in Section 3 of these Notes.

These six-monthly financial statements and the relating interim report have neither been audited by a certified accountant nor has their correctness been scrutinised.

The figures in these Notes are presented in units of thousands euros (ThEuros). For purposes of comparison, the figures from the period under review are shown next to their corresponding values from the previous year. In the balance sheet the reporting date for comparison is 31 December 2007 and in the income statement the period for comparison is the first half of 2007.

2. Accounting principles

The Consolidated Interim Financial Statements and the comparative figures from the previous year are presented in accordance with the International Accounting Standards (IAS) published by the International Accounting Standards Board, the International Financial Reporting Standards (IFRS) and their interpretation by the Standard Interpretation Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC), as these are to be applied in the EU. The standards and interpretations that had to be applied for the first time in the first half of 2008 had no material effects on the assets, financial or earnings situation.

ARBOmedia AG and the subsidiaries included in the Consolidated Interim Financial Statements apply the same balance sheet, valuation and consolidation methods in the interim report as were used in the Consolidated Financial Statements for the 2007 business year. For a detailed description of these principles we refer the reader to the 2007 Consolidated Financial Statements. The accounting principles IAS 34 “International Accounting Standard No. 34 – Interim Financial Reporting and of DRS

16 "German Accounting Standard No. 16 – Interim Financial Reporting were observed when compiling the interim report for the first half of 2008,

The ARBOmedia Consolidated Interim Financial Statements again encompass ARBOmedia AG as the parent company and the same subsidiaries as were included in the 2007 business year, in which ARBOmedia AG holds a direct or indirect participation. One special purpose entity is also included. ARBODirect GmbH, Munich was deconsolidated in the second quarter of the reporting period. This deconsolidation resulted in no significant influences on the asset, financial or earnings situation of the Group.

3. Adjustment of the provisional and incorrect previous year values from the first half of 2007

As described in Section II.4 of the Notes on the Consolidated Financial Statements of the 2007 business year, the comparative values for the 2006 reporting period were corrected. In this context we take reference to our comments in the 2007 Consolidated Financial Statements. On the basis of these adjustments, the values for the previous year were also adjusted for the first half of 2007. These adjustments also include the subsequent consolidation of MCTV Entwicklung GmbH & Co KG, which was initially consolidated by way of the special purpose entity regulations in the 2006 Consolidated Financial Statements and the continuation of the figures from the company mergers with the Romanian publishing companies adjusted in accordance with IFRS 3.61.

4. Explanations of the Consolidated Financial Statements for the first half of 2008

Sales

In the reporting period, sales amounted to 42,202 (prior year: 34,852) ThEuros and relate in particular to the following segments of the ARBOmedia Group.

in ThEuros	01.01. – 30.06.2008	01.04. – 30.06.2008	01.01. – 30.06.2007
Classic Advertising Marketing*	29,778	17,006	29,256
Internet*	9,101	5,947	3,555
Publishing & Supplementary Business*	3,323	1,954	2,036
TOTAL	42,202	24,934	34,847

* after consolidation

Bonuses, discounts and rebates were offset directly against sales.

Cost of sales

The cost of sales amounted to 34,872 (prior year: 29,303) ThEuros. It was distributed in particular between the following segments:

in ThEuros	01.01. – 30.06.2008	01.04. – 30.06.2008	01.01. – 30.06.2007
Classic Advertising Marketing*	25,740	14,779	25,399
Internet*	7,028	4,695	2,392
Publishing & Supplementary Business*	2,104	1,121	1,181
TOTAL	34,872	20,595	28,972

* after consolidation

Selling expenses

The selling expenses amounted to 3,255 (prior year: 3,358) ThEuros and comprised mainly salaries for sales staff, travel costs and costs in connection with advertising and marketing activities.

General and administrative expenses

General and administrative expenses comprised mainly salaries for administrative staff, personnel costs and the support of the Finance, EDP, HR and other management departments, as well as for journalists and graphic artists in the Romanian newspaper publishing companies. The administrative costs in the first half of 2008 amounted to 3,658 ThEuros and were thus 55.8 percent higher than the 2,348 ThEuros for the same period the previous year. The main reasons for this increase were shifts in personnel costs between Sales and Administration at top management level and in particular higher personnel costs due to the increase in staff numbers in the Internet division.

Financial result

The financial result amounted to -135 (prior year: -111) ThEuros and includes interest earnings of 70 (prior year: 95) ThEuros and -205 (prior year: -206) ThEuros of interest payments. The interest payments comprised especially the pro-rata interest obligations from the capital issued for jouissance rights.



Taxes on income

The taxes on income amounted to -520 (prior year: -457) ThEuros in the first half of 2008. These comprised mainly the ongoing cost of taxes.

Non-current assets

The non-current assets amounted to 10,030 (prior year: 9,594) ThEuros. They comprised mainly 3,522 (prior year: 2,878) ThEuros of tangible assets, 6,235 (prior year: 6,378) ThEuros of intangible assets and 271 (prior year: 334) ThEuros of financial assets.

The increase in the tangible assets is mainly attributable to the capitalised advanced payments to suppliers to the amount of 605 (prior year: 0) ThEuros. These were payments for a new printing machine, which will go into operation in the fourth quarter of 2008.

Current assets

The current assets amounted to 32,417 (prior year: 29,448) ThEuros and included in particular accounts receivable to the amount of 22,592 (prior year: 19,128) ThEuros, cash and cash equivalents to the amount of 4,931 (prior year: 6,787) ThEuros and other financial assets of 4,347 (prior year: 3,001) ThEuros.

The cash and cash equivalents refer to current accounts, short running term deposits, a money-market fund and cash in hand.

The accounts receivable are unpaid items from the sale of advertising time and newspapers.

Current liabilities

The current liabilities amounted to 27,295 (prior year: 24,849) ThEuros and included trade payables of 19,976 (prior year: 19,465) ThEuros, accrued liabilities to the amount of 3,908 (prior year: 3,030) ThEuros and other financial liabilities of 1,464 (prior year: 1,287) ThEuros among other items.

The accounts payable refer to payment obligations for advertising packages bought and sold during the period under review.

The other accruals included mainly invoices not yet received to the amount of 2,138 (prior year: 2,128) ThEuros, accounting, auditing and consulting costs of 291 (prior year: 488) ThEuros and for personnel amounting to 144 (prior year: 183) ThEuros.



The other financial liabilities comprised outstanding wages and salaries including social security contributions of 409 (prior year: 441) ThEuros, deferred income of 354 (prior year: 275) ThEuros and interest payable to the amount of 359 (prior year: 209) ThEuros.

Non-current liabilities

The non-current liabilities amounted to 10,331 (prior year: 10,194) ThEuros and comprised mainly the shareholders ascribing net asset of 5,102 (prior year: 5,166) ThEuros and the jouissance right capital of 4,000 (prior year: 4,000) ThEuros. In the first half of 2008 these items did not change significantly as against their comparative figures the previous year. We refer to our comments in the Notes on the Consolidated Financial Statements to 31 December 2007.

Equity

For the development of the equity capital we refer to the Group's own equity change account. On 30 June 2008, ARBOmedia held none of its own shares, as in the previous year.

The equity capital amounts to 4,821 (prior year: 3,999) ThEuros and divides up between the shareholders of ARBOmedia AG with 3,167 (prior year: 2,372) ThEuros and minority shareholders with 1,654 (prior year: 1,627) ThEuros.

The subscribed capital of ARBOmedia on the balance sheet date was unchanged as against the balance sheet date of the previous year at 3,916 ThEuros and comprised 3,915,851 non-par-value shares.

5. Other statements on the first half of 2008

Earnings per share

The earnings per share are calculated in accordance with IAS 33 from the corporate income after taxes and the average number of outstanding shares over the year. This resulted in earnings per share for the first half of 2008 of 0.18 Euros (prior year: 0.09 Euros). The diluted earnings per share correspond in both periods to the undiluted earnings per share, because no transactions with diluting effect were executed. The outstanding share options from the employee incentive programme not yet exercised are not taken into account when calculating the diluted earnings because there have not yet been any indications that the agreed targets will be met. The calculation is based on the 3,915,851 no-par-value shares of ARBOmedia AG.



Segment reporting

In accordance with the internal organisational structure, the Group is managed on the basis of the three business sectors Classic Advertising Marketing, Internet and Publishing (primary reporting segment). The segments are further subdivided by means of the regional allocation of business activities into Western and Eastern Europe (secondary reporting segment).

The sales, cost of sales and gross profit of the segments are shown in the following segment report for the first half of 2008, the second quarter of 2008 and the first half of 2007:

01.01. - 30.06.2008

in ThEuros	Classic Advertising Marketing	Publishing & Supplementary	Internet	Other	Consolidation	Group
TOTAL SALES						
ARBOmedia AG (Holding)	0	0	0	747		747
Western Europe	2,007	0	0	269		2,276
Eastern Europe	27,788	4,233	9,101	0		41,122
Total	29,795	4,233	9,101	1,016	-1,943	42,202
COST OF SALES						
ARBOmedia AG (Holding)	0	0	0	0		0
Western Europe	-1,504	0	0	0		-1,504
Eastern Europe	-24,650	-2,337	-7,027	0		-34,014
Total	-26,154	-2,337	-7,027	0	646	-34,872
GROSS PROFIT						
ARBOmedia AG (Holding)	0	0	0	747		747
Western Europe	503	0	0	269		772
Eastern Europe	3,138	1,896	2,074	0		7,108
Total	3,641	1,896	2,074	1,016	-1,297	7,330

01.04. - 30.06.2008

in ThEuros	Classic Advertising Marketing	Publishing & Supplementary	Internet	Other	Consolidation	Group
TOTAL SALES						
ARBOmedia AG (Holding)	0	0	0	417		417
Western Europe	964	0	0	135		1,099
Eastern Europe	16,059	2,478	5,974	0		24,511
Total	17,023	2,478	5,974	552	-1,093	24,934
COST OF SALES						
ARBOmedia AG (Holding)	0	0	0	0		0
Western Europe	-733	0	0	0		-733
Eastern Europe	-14,312	-1,267	-4,696	0		-20,275
Total	-15,045	-1,267	-4,696	0	413	-20,595
GROSS PROFIT						
ARBOmedia AG (Holding)	0	0	0	417		417
Western Europe	231	0	0	135		366
Eastern Europe	1,747	1,211	1,278	0		4,236
Total	1,978	1,211	1,278	552	-680	4,339

01.01. - 30.06.2007

in ThEuros	Classic Advertising Marketing	Publishing & Supplementary	Internet	Other	Consolidation	Group
TOTAL SALES						
ARBOmedia AG (Holding)	0	0	0	2,191		2,191
Western Europe	1,453	0	0	0		1,453
Eastern Europe	27,835	2,392	3,555	0		33,782
Total	29,288	2,392	3,555	2,191	-2,574	34,852
COST OF SALES						
ARBOmedia AG (Holding)	0	0	0	-330		-330
Western Europe	-1,047	0	0	0		-1,047
Eastern Europe	-24,717	-1,181	-2,423	0		-28,321
Total	-25,764	-1,181	-2,423	-330	395	-29,303
GROSS PROFIT						
ARBOmedia AG (Holding)	0	0	0	1,861		1,861
Western Europe	406	0	0	0		406
Eastern Europe	3,118	1,211	1,132	0		5,461
Total	3,524	1,211	1,132	1,861	-2,179	5,549

Guarantees and other commitments

In the period under review there were no changes. For an explanation of the guarantees and other commitments we refer the reader to the statements in the 2007 Annual Report.

Executive bodies of the parent company

As regards the comments on the executive bodies of ARBOmedia AG we refer the reader to the statements in the Consolidated Interim Financial Statements and the 2007 Annual Report.



Business relationships to related parties

Related parties in the sense of IAS 24 are essentially the management and the shareholders of the ARBOmedia Group who have a controlling or material influence.

Executive Board

The total remuneration of the members of the executive Board amounted to 213 ThEuros during the period under review. We shall not publish the individual emoluments of the members of the Executive Board, in compliance with the resolution passed at the shareholders' meeting of 20 July 2006 to be valid for the next five years, which releases us from the obligation to do so.

Supervisory Boards

No remuneration was paid to Supervisory Boards in the reporting period under review.

Shareholders

Dr. Bogner and his holding company BOCO Gesellschaft für die Herstellung und Vermarktung von Medienprodukten und für Medienbeteiligungen mbH are to be considered related parties. On the balance sheet date the balance of the intercompany clearing account with BOCO Gesellschaft für die Herstellung und Vermarktung von Medienprodukten und für Medienbeteiligungen mbH, Munich, of which Dr. Bogner owns 100 percent, was unchanged against the previous year at 2 ThEuros. There were no further transactions during the reporting period.

In addition, Dr. Albrecht and his holding company AMCO Gesellschaft für die Herstellung und Vermarktung von Medienprodukten und für Medienbeteiligungen mbH are related parties. During the reporting period fees amounting to 26 (prior year: 52) ThEuros were paid to AMCO Gesellschaft für die Herstellung und Vermarktung von Medienprodukten und für Medienbeteiligungen mbH, Munich, of which Dr. Albrecht is the 100 percent owner, at ordinary market conditions, for consulting services relating to the opening up of new markets.

Media Invest GmbH

Dr. Albrecht holds all the shares in Media Invest GmbH. The loan issued by ARBOmedia AG to Radio BGU, in which Media Invest holds a 49 percent share, amounted to 96 (prior year: 44) ThEuros on the reporting date, including accrued interest. The interest rate is 2 percentage points above the base rate and amounted to 25 (prior year: 22) ThEuros on the reporting date.

As in the previous year, during the reporting period Media Invest GmbH was paid a fee of 30 ThEuros at ordinary market conditions for services for ARBOmedia subsidiaries.



Employees

The companies included in the Consolidated Financial Statements employed 554 (prior year: 493) staff on the reporting date.

Explanation of the German Corporate Governance Code

The Executive Board and the Supervisory Board of ARBOmedia AG have submitted the required compliance declaration pursuant to Article § 161 Stock Corporation Act (AktG) and made the statement permanently accessible to shareholders on the website of the company (www.arbomedia.net).

Material events after the balance sheet date

With the exception of the events named in the interim financial statements, there were no material events after the balance sheet date.

Munich, 22 September 2008

ARBOmedia AG
The Executive Board



Alexander Sigl
Board Member Marketing,
Sales and New Business



Olaf F. Bergner
Board Member Finance





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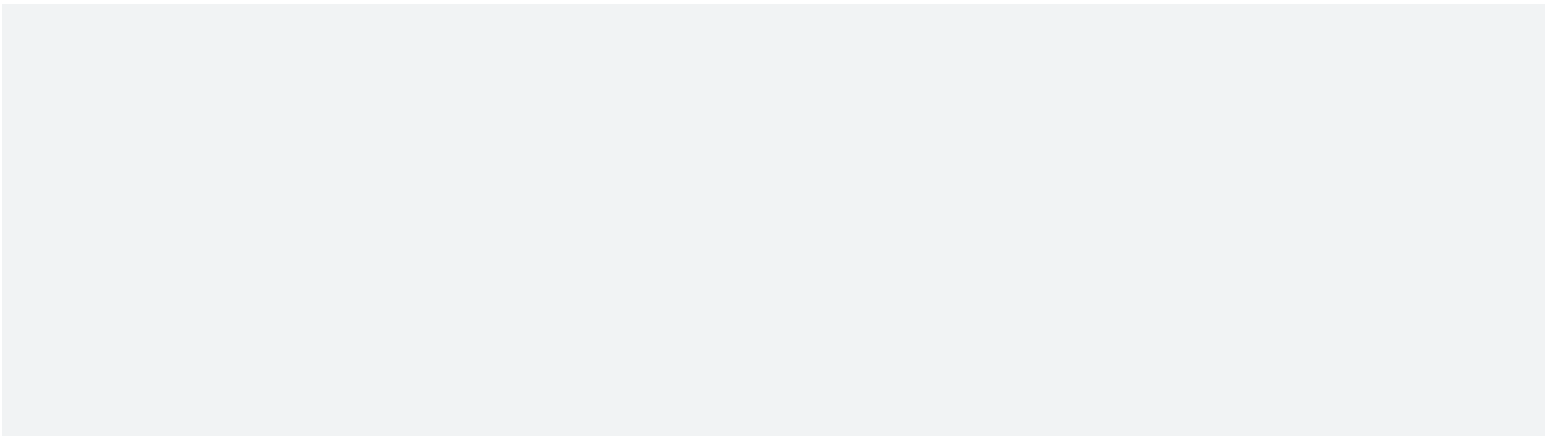
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