2007

Key Figures: Overview

	2007 kEUR	2006 kEUR	2005 kEUR
Sales (after returns)	*14,877*	*10,187*	*15,940*
Result from ordinary operations	*2,478*	*(8,341)*	*1,312*
Consolidated net gain/loss	*1,063*	*(8,268)*	*1,140*
Non-current assets	*15,600*	*3,443*	*4,114*
Current assets	*14,859*	*5,271*	*9,944*
Liabilities	*14,441*	*10,667*	*7,725*
Equity	*15,510*	*-1,954*	*6,333*
Total assets	*29,951*	*8,714*	*14,058*
EBIT, EUR per share	*2.16*	*(5.15)*	*0.81*
Group profit/deficit, EUR per share	*1.06*	*(5.10)*	*0.70*
Average number of employees	*70*	*88*	*101*

Brief Portrait

cdv Software Entertainment AG is the only listed, independent full service provider for the games sector in Germany. With subsidiaries in Germany, the USA, France, Austria, Hungary, the Czech Republic, and Slovakia, as well as its renowned international partners, cdv is excellently positioned on the global market. Following its consolidation in 2007, the company, founded in 1989 and headquartered in Munich, Germany, is on a course of steady growth and, in the medium term, is aiming for a strong market position as one of the globally leading full service providers in the games sector. For more information and up-to-date press reviews, please visit www.cdv.de.

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Christian Gloe, CEO

Introduction by the Management Board

Dear shareholders,
In the wake of a serious crisis in 2006, followed by a fundamentally new strategic orientation, we accomplished a successful new start in 2007. Today, with a recapitalized balance sheet and a sufficient liquidity reserve, we mainly offer integrated services for the games industry. Our publisher-independent business model focuses on sales and distribution. Various complementary elements, such as games financing, round out cdv's service portfolio. In the 2007 business year, to fortify our position as a full service provider, we took over 100% of the enterprises P.O.S Telesales & Promotion Service GmbH, SeVeN M Vertriebs-GmbH, and Gamesmania GmbH. P.O.S Telesales & Promotion Service GmbH strengthens the company especially through distribution of non-game articles. SeVeN M Vertriebs-GmbH positions cdv Software Entertainment AG as a distributor in Eastern Europe, and Gamesmania GmbH expands the company's distribution channels by offering digital sales.

With this integrated approach, we are now represented in the games industry as an international player. Thus, cdv offers game developers an alternative to the so-called 'publisher model' where they benefit from fixed development costs and bear no risks related to sales success, but do not receive a share of the product sales. From product launch to secondary sales, the range of services offered by the new cdv now basically covers the entire value chain in the games sector.

The new strategic orientation and changes in the management board also led to a new style of leadership. We established a new management team with executives from renowned competitors, in order to press ahead with cdv's expansion in the future. The global purchase of game products and projects in the USA and Asia, pushed by the new management board, also speaks for cdv's continued expansion course.

The entire board is thrilled that, with this annual financial report, we get to open a new chapter in the history of our company. This development is also reflected in the company's stock price. In spite of the negative mood in the financial markets, the value of your cdv stock has gained about 13 percent in the year under review.

Considered pro forma, cdv achieved consolidated sales of about EUR 25 million in 2007. This corresponds to a 50 percent growth over the previous year. The operative pro forma EBIT of EUR 2.7 million, as opposed to a loss of EUR 7.9 million in 2006, also proves that we exceeded all of our expectations.

The fact that cdv managed to exceed its goals is due to the firm commitment of its employees. I would like to thank everybody for this, in the name of the entire management board. This achievement is certainly a good reason to tackle the 2008 business year with the same kind of enthusiasm.

Ladies and gentlemen, dear shareholders, our course is set for the future, and our strategy is clear: we will continue to expand! Our reorganization was successfully completed in 2007. We are positive that we are going to reach the goals envisioned for the current business year. cdv AG shall continue to provide a profitable investment in the future. We are more determined than ever to produce a lasting added value for our customers, our employees, and for you, our shareholders.

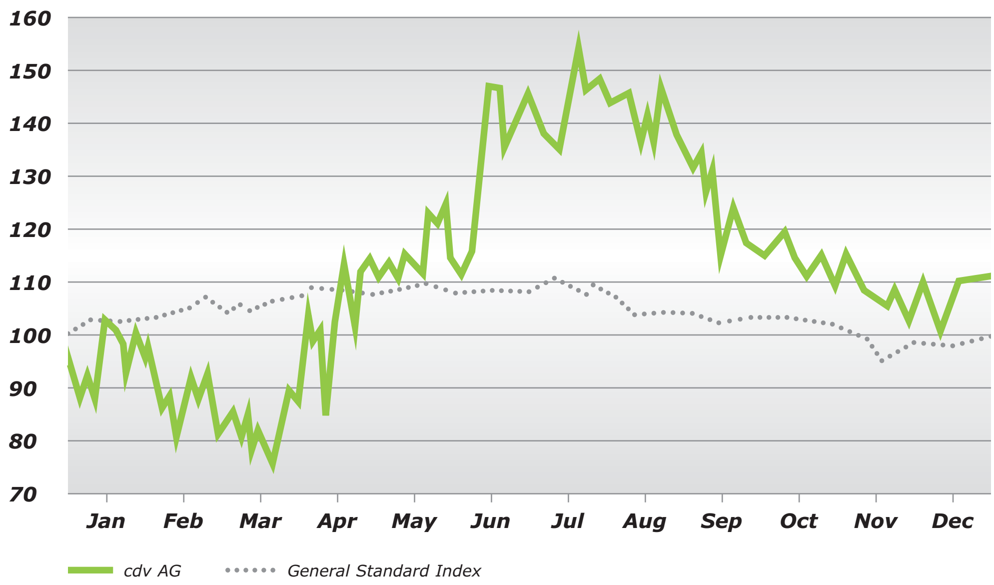
Yours sincerely,

Christian Gloe
CEO, Chairman of the Board of cdv Software Entertainment AG

cdv Stock

Turbulences in the financial markets
The second half of 2007 was marked by extraordinary turbulences in the financial markets. The potential ramifications of the subprime mortgage crisis had an impact on the stock markets and triggered drastic adjustments. The General Standard Index, where the cdv stock is listed, also slumped to an annual low of 2,007.5 points in the fourth quarter. It slightly recovered towards the end of the year, closing at 2,121.26 points. Thus, in spite of general stock market losses, the index increased by almost 0.6 percent as compared to the beginning of the year. The index reached its annual high of 2,352.28 points on July 18.
Despite the negative mood in the markets, the development of the cdv stock remained positive. The shares started the year with an opening price of EUR 12.64. They peaked on July 25 with EUR 20.56, and closed on December 28, 2007, at EUR 14.25. Thus, in the period under report, the cdv Software Entertainment AG stock recorded a gain of 12.7 percent.
The average trade volume of the stock amounted to 1,724 shares per day. On December 28, 2007, the market capitalization came to about EUR 22.3 million.
A research study by Performaxx Research GmbH, published in October 2007, rated the stock with a price potential of more than 60 percent and recommended to buy it.

General Standard Performance
2007



Investor Relations

Proactive and transparent investor relations are part of cdv Software Entertainment AG's corporate philosophy. The company provides its shareholders with prompt, in-depth information about the business development, and inspires trust through its dialog with investors, business partners and the general public.

During the period under review, cdv presented itself in the German Equity Capital Forum and various capital market conferences in order to gain new investors, and to reinforce existing investor contacts. The management board actively sought the dialog with editorial offices of financial and business media, resulting in several individual meetings and interviews with journalists, nationwide publications and online media. Moreover, the company held press briefings and phone conferences, focusing on its new strategic orientation.

Through its Internet presence (www.cdv.de), cdv offers the financial community comprehensive information in excess of the disclosure requirements specified in the General Standard. Besides all relevant company releases and financial reports, a press archive, information regarding the general meeting, company presentations etc. are also available. The cdv Software Entertainment AG stock is handled by the designated sponsor VEM Aktienbank AG.

An overview of the cdv stock *(as of 12/31/2007)*

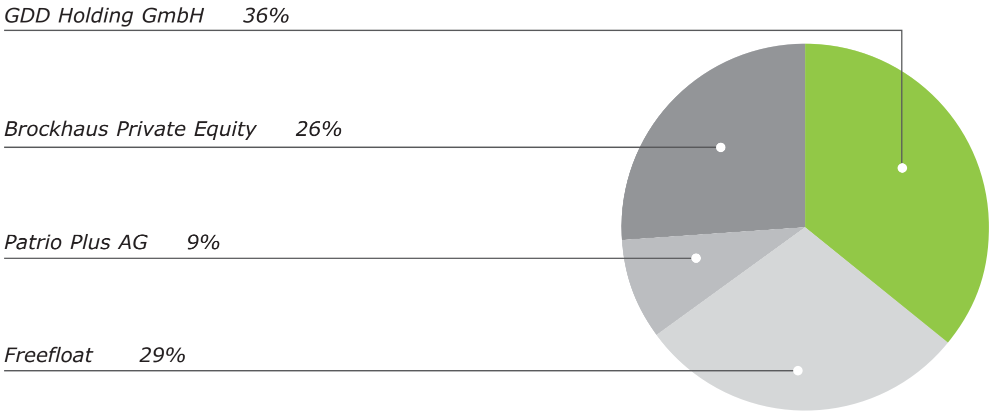
Type of stock / denominations	*Non-par value bearer stock*
# of shares	*1,568,271*
Market segment	*General Standard*
Level of transparency	*General Standard*
Sector	*Media & Entertainment*
ISIN	*DE000A0MF053*
WKN	*A0MF05*
Ticker ID Reuters	*OGG1*
Capital stock	*EUR 1,568,271*
Designated sponsor	*VEM Aktienbank AG*

Annual General Meeting Relocates Company's Headquarterst

The Annual General Meeting of cdv Software Entertainment AG decided on August 17, 2007, with over 99.95 % of the votes of those present, to elect Mr. Rüdiger Trautmann and Mr. Hans Ulrich Stoef to the company's supervisory board. The present supervisory board chairman, Dr. Michael Rimbeck, was also confirmed in his office. The positions of the supervisory board members Stephan Wiedorfer and Rüdiger Burkart were terminated at the end of the general meeting.

Mr. Trautmann is sales and business director at Wirecard AG, one of the leading international providers of electronic payment systems and risk management. Mr. Stoef is the founder and CEO of m4e AG, a licensing and merchandising business headquartered in Grünwald near Munich.
Moreover, the general meeting decided to relocate the company's headquarters to Munich.

Shareholders' structure (as of 12/31/2007)



Board members' shares as of 12/31/2007

Management board	***Shares held 12/31/2007***	*Shares held 12/31/2006*
Christian Gloe	*0*	*0*
Arne Peters	*300*	*300*
Philipp Stiehl	*0*	*0*
Teut Weidemann [1]	*0*	*0*
Supervisory board		
Dr. Michael Rimbeck	*0*	*0*
Rüdiger Trautmann	*0*	*0*
Hans Ulrich Stoef	*0*	*0*

(1) Teut Weidemann resigned as of July 5, 2007

Report of the Supervisory Board

Dear shareholders,
In the business year of 2007, the supervisory board concerned itself extensively and in depth with the position and development of the cdv group of companies. It fulfilled its tasks of supervision and control, as required by law and statutes. The panel advised the management board in the leadership of the enterprise, and was involved in all decisions of strategic importance.

Our work was based on supervisory board meetings as well as personal and written reports by the management board. The operative leadership panel promptly and extensively kept the supervisory board informed about the status of the realization of the strategic repositioning that was approved by the board, with particular focus on the distribution of PC and video games as a service provider, all matters of corporate planning, the quarterly business development, changing risk situations, and risk management.

In addition to regular board meetings, the supervisory board chairman always maintained personal contact with the management board and kept up with the current situation. In the year under review, the supervisory board held five regular meetings and fourteen phone conferences. Every member of the supervisory board took part in more than half of all the meetings. Since the supervisory board only has three members, no committees were formed in the 2007 business year.

The board was subject to fluctuations. On July 2, 2007, Dr. Michael Rimbeck was elected supervisory board chairman. The terms of supervisory board members Rüdiger Burkart, Stephan Wiedorfer, and Dr. Michael Rimbeck expired at the end of the general meeting of August 17, 2007. Therefore, on August 17, 2007, the general meeting elected Hans Ulrich Stoef, Rüdiger Trautmann and Dr. Michael Rimbeck as supervisory board members for the term which lasts until the end of the Annual General Meeting that will decide on the exoneration of the board for the 2011 business year. On August 20, 2007, Dr. Michael Rimbeck was elected supervisory board chairman. Rüdiger Trautmann was elected vice chairman.

In the year under review, the work of the supervisory board concentrated on the restructuring program and the related strategic repositioning, with particular focus on the distribution of PC and video games as a service provider, acquisitions, financing issues, and corporate actions. All decisions made by the board in these contexts were unanimous.

In the course of the reorientation of the cdv group's business model, the structure of the management board changed as well. The term of Mr. Teut Weidemann ended in July 2007, and was not extended. On August 30, 2007, the supervisory board approved an amicable resolution to terminate the employment and board membership of Mr. Michael Grau, who had been appointed to the company's management board on July 5, 2007. On August 14, 2007, Mr. Arne Peters was appointed to the management board. Furthermore, on September 12, 2007, Mr. Christian Gloe was appointed to the management board of cdv Software Entertainment AG.

The company's strategic repositioning, with particular focus on the distribution of PC and video games as a service provider, was an essential issue in the year under review. Within the framework of the company's restructuring, the emphasis lay on the positioning of cdv Software Entertainment AG as an international independent distributor of computer and video games and game accessories. However, the business area of publishing, i.e. the manufacture of games, was discontinued for the time being.

With the integration of P.O.S Telesales & Promotion Service GmbH, the company expanded its sales activities by including the games accessories sector, in accordance with its reorientation as a free, independent service provider for electronic games, focusing on international distribution. Furthermore, in the course of the business year, the company acquired all shares of SeVeN M Vertriebs-GmbH and Gamesmania GmbH. By purchasing SeVeN M Vertriebs-GmbH with its four wholly-owned subsidiaries in Austria and Eastern Europe, the company opened up the entire Eastern European market with its own established sales structures. By taking over Gamesmania GmbH, it expanded its distribution channels in the areas of online gaming and digital distribution.

The supervisory board deliberated thoroughly on the purchase of the enterprises listed above, assessing them in great detail. This evaluation included, among other things, sales structures, potential synergistic effects, and the persons involved. The supervisory board also exhaustively assessed all evaluative issues. This resulted in a mandate to the management board to pursue negotiations within a given frame. Based on this, the panel approved the acquisition of SeVeN M Vertriebs-GmbH, Gamesmania GmbH, and P.O.S Telesales & Promotion Service GmbH on May 9 and May 31, 2007, respectively.

The supervisory board was equally occupied with the financial restructuring of the company. On February 6, 2007, the supervisory board approved the management board's decision regarding the issue of the convertible zero-coupon bond 2007/2009 (ISIN DE000A0MFUH5). Moreover, on August 28, 2007, the supervisory board resolved to approve the management board's decision to issue the convertible zero-coupon bond II 2007/2009 (ISIN DE000A0S8EA9).

During the course of the entire year under review, the supervisory board monitored and supervised the development of the company's business, based on the budget and target-performance comparisons. The panel also made use of the early warning system (risk management system) and monitored the course of identified risks. Furthermore, the supervisory board was kept informed about the current state of liquidity, finances, and financing.

The supervisory board has steadily monitored the development of the corporate governance standard. On the occasion of their meeting on February 9, 2007, the management and supervisory boards issued a compliance statement in accordance with § 161 of the German Stock Companies Act (Aktiengesetz, AktG), and made it permanently accessible to their shareholders on the company's website.

The auditing company RP Richter GmbH Wirtschaftsprüfungsgesellschaft of Munich, selected by the general meeting in 2007, audited the annual financial statement prepared by the management board for 2007, the management report, the consolidated financial statement for 2007, and the consolidated management report of cdv Software Entertainment AG, including accounting and the early risk detection system, and certified them without qualification.

In a meeting on April 25, 2007, the supervisory board deliberated on the annual balance sheet documentation and audit reports that its members received in good time. The auditor was present on this occasion. He reported on the basic results of the audits and provided additional information to the supervisory board during its preparatory meeting. Based on their own verification of the annual financial statement, the management report, the consolidated financial statement, and the consolidated management report, the supervisory board agreed with the auditor's audit result. The audit offered no grounds for objection. The board approved of the financial statement as well as the consolidated financial statement. The financial report is therefore adopted. There was no conflict of interests.

The supervisory board would like to express special thanks to the management board, as well as all employees, for their commitment, their accomplishments, and their conscientious work in the difficult market environment of the year under review. The board also thanks the shareholders for their confidence in our company.

Munich, April 2008
In the name of the supervisory board
Dr. Michael Rimbeck

Highlights 2007: Overview

Quarter 1, 2007:

- Repositioning as a full service provider.
- Improving the cost structure through dissolution of the publishing departments.

Quarter 2, 2007:

- The takeover of P.O.S Telesales & Promotion Service GmbH expands the cdv portfolio by the games accessories distribution sector.
- Takeover of SeVeN M Vertriebs-GmbH; cdv Software Entertainment AG is now positioned as a distributor in Eastern Europe.
- The takeover of Gamesmania GmbH secures the increasingly interesting online distribution channel for the company.

Quarter 3, 2007:

- Former Atari manager Christian Gloe becomes the new CEO of cdv Software Entertainment AG.
- cdv systematically continues to expand its top management – Arne Peters leaves Intel Corp. and becomes COO of cdv.
- The game "Jack Keane" ranks second in the German full-price PC charts.
- cdv agrees on extensive cooperation with m4e AG, which specializes in licenses and merchandising. An early result is the joint marketing of a series of 24 Nintendo Wii games, together with the TV station RTL2. The series is scheduled for release in the first half of 2008. This cooperation between the newly founded cdv License GmbH and m4e AG is to continue in the future.

Quarter 4, 2007:

- Successful negotiations for promising games titles and line-ups for the new business year 2008.
- A major, profitable deal is reached with an internationally leading poker platform, 'Full-Tilt Poker'.

cdv Product Highlights 2007

'Sam & Max: Season One'

'Sam & Max: Season One' (JoWood AG) was among the top titles of the summer. The successor of the classic 'Sam & Max' adventure is a true highlight. In six frantic episodes, two oddball heroes, Sam (dog) and Max (bunny), stop evildoers in their tracks with a good dash of humor. Devious puzzles, a captivating storyline and wacky dialogs leave nothing to be desired for adventure fans.

The high quality of the product was acknowledged by the trade press with excellent ratings and numerous awards. 'Sam & Max: Season One' achieved second place in the 'GameStars'. 'GameStars' are awarded annually by the editorial office of 'GameStar' magazine. They count among the most important German awards in the games industry

'Jack Keane'

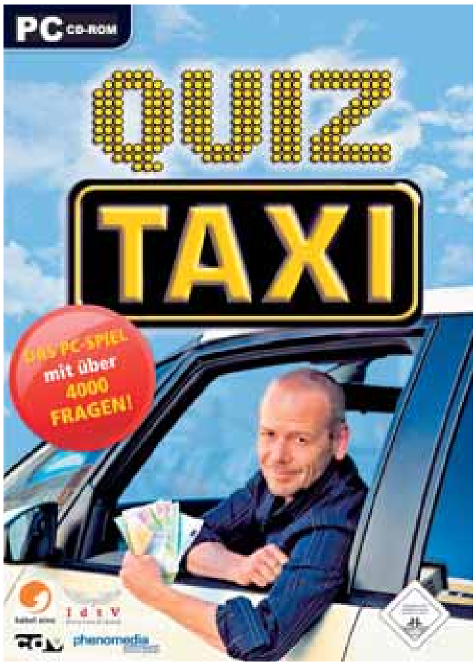
The adventure game 'Jack Keane' (10tacle Studios AG) swept the awards in 2007. This game, from the Frankfurt-based developer Deck 13, rose to the top of its genre regarding ratings, awards, and sales. Among other things, 'Jack Keane' won first place in the 'Adventure Games' category of the 'GameStars'.

Even better: according to the annual charts of 'media-control', 'Jack Keane' counts as the bestselling full-priced adventure of 2007. Outstanding product quality, great presentation, a thrilling story and professional puzzle design make 'Jack Keane' the best adventure game of the year. A major advertising campaign (Mc Donald's etc.) and intense sales efforts through all channels also played a part in this extraordinary success.

'Quiz Taxi'

Buckle up and enjoy the ride: since October 2007, 'Quiz Taxi' (phenomedia GmbH) has been a driving force on local PCs. With more than 4,000 questions, the original game featuring the popular quiz show aired by the German TV station 'Kabel Eins' offers many hours of challenging fun.

With a campaign surrounding the early evening program, the game was widely advertised. Numerous references were made to the PC quiz game; moreover, it was conspicuously handed out to the famous "passerby jokers" by show host Thomas Hackenberg.

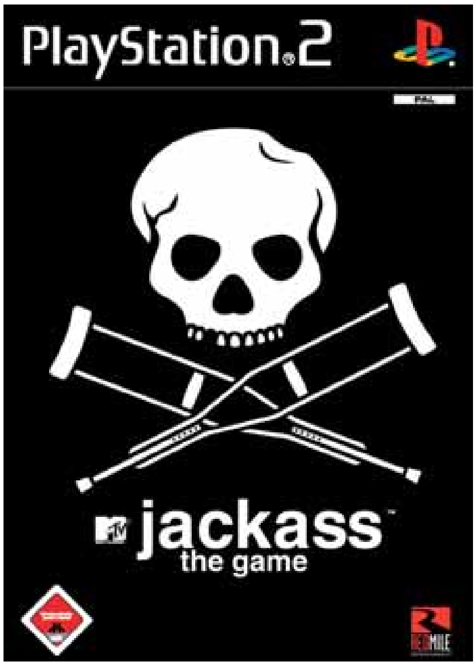


'jackass - the game'

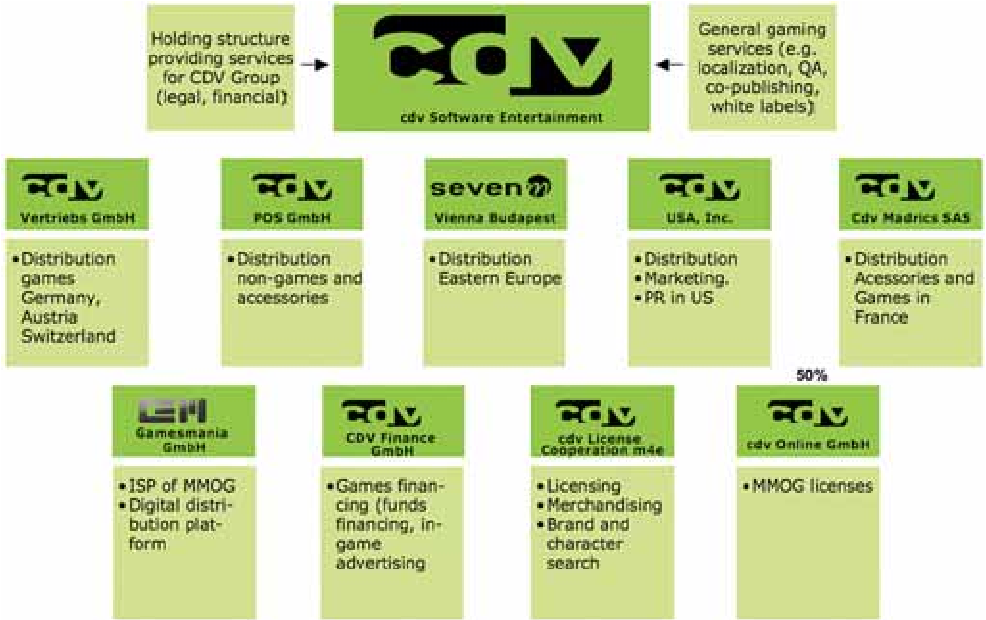
'jackass – the game' is another valuable TV brand in cdv's portfolio. The daredevil stunts of Johnny Knoxville & Co. make for gleeful laughter on PS2 and PSP.

Thanks to intricate motion capturing by WETA (Lord of the Rings, King Kong), the characters from the famous MTV show are realistically brought to life.

Just like in the TV show, players can virtually replay the stunts they see: ride a shopping cart off a high-rise, or hurl oranges at half-naked 'jackass' crew members – 'jackass – the game' is just like the original: completely bizarre and unrestrained.



The cdv Group



** cdv Madrics SAS was acquired on Jan 11, 2008; cdv License is currently being incorporated*

Explanation:
The acquisitions made in 2007 expand cdv's product portfolio and create valuable synergies in the games service sector. A dense world-wide network of subsidiaries and proven sales partners guarantees, more evidently than ever, the global presence of cdv in the most exciting international target markets, especially in the USA, as well as Central and Eastern Europe.

Business sectors
cdv Software Entertainment AG acts as a full service provider in various games-related market sectors. The company's services are divided into the areas of marketing and PR, games services, and distribution. Sales & distribution form the company's core business, supported by additional services (games services) as well as marketing and PR measures as needed.

Marketing and PR activities
Marketing and PR activities include product packaging design as well as targeted product PR measures and even comprehensive marketing campaigns. cdv Software Entertainment AG develops sales strategies and product layout for developers or publishers and handles their press work, thus complementing the customer's own competencies.

In Eastern Europe, cdv has also become a reliable marketing and PR partner for publishers and developers. Here, the company handles the coordination and implementation of sales strategies, which gives them a distinct advantage over other international publishers who are often not directly represented in the growing Eastern European markets.

Games services

In the area of games services, the company handles the so-called localization of computer and video games. This includes the modification, preparation and translation of games productions for local markets. For instance, cdv adapts existing North American or Asian games to suit the European market, and vice versa. Per customer request, the company coordinates and implements the localization of computer and video games, using its own resources.

Thanks to its international orientation, cdv is able to offer localization services to European publishers and developers as well as North American and Asian enterprises.

The physical manufacture of computer and video games is also part of the games services sector. Developers or publishers provide a so-called Gold Master CD/DVD. cdv then burns the CDs/DVDs and designs and manufactures the packaging.

Distribution and logistics

This business sector represents the company's core competency. The additional services provided by cdv round out the company's product and service portfolio and support successful distribution. The company is thus able to offer its customers a complete value chain. cdv's vast experience from 17 years in the computer and video game industry makes for great expertise in sales. With its professional sales team, the company distributes software as well as hardware products, with an emphasis on marketing the products distributed by the company, and their optimal placement on retailers' sales floors.

Management Report

General economic conditions

According to the International Monetary Fund, the global economy grew by 4.9 percent in 2007 (5.0 percent in the previous year). Even increasing turbulences in the financial markets and the subsequently weakened economic cycle in the US could not stop this development. However, the economic cycle in the euro zone was troubled in the last quarter of 2007. Apart from the subprime mortgage crisis in the USA, this was also caused by increasing food, oil and energy prices. The economic performance within the EU grew by 2.7 percent (2.8 percent in the previous year). Germany's gross domestic product increased by 2.5 percent (2.9 in the previous year). The raised value-added tax at the beginning of 2007 only had a slightly negative effect on the consumption of private households. Durable goods, such as automobiles and real estate, were affected more heavily. The inflation rate amounted to 2.2 percent (1.7 percent in the previous year). The further decrease of the unemployment rate to 8.1 percent (9.6 percent in the previous year) had a positive effect. The economy of 2007 was driven by export. Despite the strong euro, German businesses increased their exports by 8.3 percent (12.5 in the previous year).

Development of the industry sector

The demand for modular services in the games sector benefitted from the positive economic development in the year under report. According to the German federal interactive entertainment software association (Bundesverband Interaktive Unterhaltungssoftware, BIU), Germany experienced a positive development of the games sector in 2007. This segment, which is growing more rapidly than any other segment of the media economy, generates more revenue than the movie industry does at cinema box offices. Market numbers show a sales growth of 21 percent for PC and video games as compared to 2006 (44.7 million copies, a value of EUR 1,126 million), with sales figures for video games increasing by more than one third compared to the previous year. The most important platform is still the PC, before consoles and handheld devices. Sales in handheld devices even increased by 67 percent compared to 2006 (11.7 million sold in 2007).

Business development

Paving the way for the future

In 2007, the cdv group seized the opportunity to strategically reposition itself and consequently pave the way for a successful business development in the future. Hence, cdv had to undergo the fundamental change from being a publisher/distributor to becoming a publisher-independent games service company with the main focus on the distribution business. cdv distributes PC and console games and educational software, as well as many other products and accessories from games related sectors. Today, the company presents itself as an international player in the games business. The new cdv's service portfolio ranges from product launch to secondary sales, basically covering the entire value chain in the games sector – with about 20 years of business experience and one of the most progressive business models in the industry.

Sales Development

Recovering from the trough

The success of our comprehensive restructuring program has clearly demonstrated the competitive abilities and sustainability of the company and its new business model in the year under report. In the 2007 business year, the cdv group generated EUR 25 million of group sales on a pro forma basis, i.e. taking into account the annual sales (notional first-time consolidation as of January 1, 2007) of all affiliated companies taken over in 2007 before returns and conditions.
This adds up to a growth of more than 50 percent as compared to the sales of the previous year (EUR 16 million).
In the period covered by this annual financial report, sales increased by EUR 4.7 million (i.e. 46%) to EUR 14.9 million.

Earnings situation

EBIT

The cost of purchased materials decreased from 45 percent in the previous year to 34 percent in the year under report due to improved procurement and purchase procedures. With the lower average number of employees in 2007, personnel expenses decreased by EUR 0.8 million (i.e. 23%) to EUR 2.8 million in 2007. Earnings before interest and taxes (EBIT) amounted to approximately EUR 2.4 million, as compared to a loss of EUR 7.9 million in 2006.
In connection with the increase in sales, this extraordinary improvement within 12 months impressively highlights the acceptance of our new cutting-edge business model.

Annual net profit

In the 2007 business year, the company reports an annual net profit of EUR 1.1 million, (EUR -8.3 million in the previous year).

Personnel development

As of December 31, 2007, an average of 70 employees worked for the cdv group (88 employees in the previous year). The number of employees decreased in the first half of 2007 due to the cutback in redundant development and production capacities, yet considerably increased in the second half of 2007 due to the acquisitions that were made. Thus, 2007 saw considerable shifts in the personnel structure, from production to distribution capacities.

Expenditure for wages and salaries amounted to EUR 2.8 million in the year under report (3.6 million in the previous year), which corresponds to a reduction of 22 percent.

Assets and financial situation

Liquidity

Financial management at cdv Software Entertainment AG is based on the following principles:

- Guaranteeing liquidity
- Careful and conservative budgeting
- Profitability before growth
- Appropriate use of funds

This management aims at producing sufficient liquidity at all times. Cash and cash equivalents at the end of the period under report add up to EUR 2.67 million. With fund outflows from operating business activities (EUR 1.9 million) and from investment activities (EUR 3.4 million) in 2007, the positive cash flow total of EUR 1.9 million in the year under report is based on fund inflows from financing activities (EUR 7.2 million), in particular from capital increases due to convertible profit participation certificates.

Assets

Fixed assets of the company increased by EUR 12.6 million to EUR 15.1 million compared to the previous report period. This increase is mainly caused by the acquisitions of SevenM Group, POS Service GmbH, and Games-Mania (including business and company value of approx. EUR 8 million).
Furthermore, stocks on hand increased by EUR 1.3 million compared to the previous report period. This was mainly due to the acquisition of the abovementioned companies, and to the expansion of the distribution business and the subsequent purchase of finished products.

Liabilities

Current liabilities increased by EUR 2.3 million to EUR 9.2 million during the period under report, mainly owing to the integration of the newly acquired affiliated companies and their corresponding trade accounts payable.
Non-current liabilities also increased by EUR 1.4 million to EUR 5.3 million, due to the integration of the newly acquired affiliated companies and their respective non-current liabilities.

Equity

As of December 31, 2007, the company's equity comes to a total of EUR 15.5 million (EUR -1.9 million as of December 31, 2006). The increase is mainly caused by the acquisition of companies through investment in kind amounting to EUR 8.4 million, as well as the conversion of zero-coupon bonds in the amount of EUR 6.7 million. Moreover, the company's annual net profit of EUR 1.1 million led to a further increase of equity.

Details of the corporate actions taken are described in the appendix of this financial report.
The number of shares of cdv Software Entertainment AG as of December 31, 2007, came to 1,568,271.

Order Situation
cdv mainly sells computer games, either as finished products delivered from stock to wholesalers and retailers, or sometimes as distribution licenses to partners abroad.
There is no order backlog to speak of, as any goods requested by wholesalers and retailers are usually delivered at once from stock. Owing to the short-term nature of the business, the company cannot make any detailed statements regarding the current order volume.
Thanks to successful negotiations with international market leaders within the games industry, however, the cdv group has a promising line-up that includes numerous top titles in Europe and the USA, which might count as an order backlog in a broader sense.

Risks and Opportunities

General corporate risks
There are always risks involved in any entrepreneurial activity. Deliberate risk-taking is both unavoidable and reasonable in order to achieve corporate success, especially in the highly dynamic games market. The cdv group deals systematically with risks in order to identify them in a controlled, deliberate way, while at the same time grasping opportunities that present themselves.

Personnel-related risks
The company requires highly qualified staff in many areas of the business. Above-average fluctuation, or a dropout of highly qualified employees, executive personnel and board members, for example, may entail considerable risks for the operative business, which could lead to a drop in market shares, turnover and profits.
It is an ongoing challenge for the corporation to keep key personnel in the cdv-group, and to recruit suitable additional staff with the necessary know-how and contacts within the software entertainment industry in order to implement its strategy.

General market risks
The entertainment software market is extremely dynamic. The company's failure to anticipate possible developments and adjust its strategies quickly and successfully would entail negative consequences for its financial and profit situation, which could also impact the share price.

The entertainment software market has been experiencing a period of growth for many years. The industry's growth may slow down in the years to come, or even stop altogether. A decreasing growth or declining revenues within the industry could have a negative impact on the company's sales potential.

Risks relating to competitiveness

The entertainment software distribution market is highly competitive. There are national and international competitors in all of the company's fields of business who also possess considerable professional competence, and were therefore able to achieve powerful market positions.
Competition is intensified by the market introduction of new competitors with access to creative and technical know-how. These risks may have a significant impact on the company's economic activity.

Dependence on distribution partners

The company is heavily dependent on distribution partners, especially in the retail area. Cooperation agreements or business relationships with large retail companies, department stores and e-commerce businesses are crucial for the company's success. The Metro group and its subsidiaries, Media Markt and Saturn, is of special importance. The company is likewise dependent on a number of distribution partners in other key markets (such as Eastern Europe).

Dependence on suitable third-party entertainment software

The company is a service provider in the computer and video games market, and does not develop its own products (software or hardware). Therefore, it depends completely on developers and producers and their products. If there is no high-quality entertainment software that appeals to consumers available on the market, the company's distribution turnover may be negatively affected.

Solvency risks due to capital-intensive projects and preliminary financing

Thanks to its new orientation as a publisher-independent provider of games services focusing on distribution, cdv's capital lockup risk is lower than in the fields of development and publishing. However, even in this field there is a trend towards third parties demanding guarantee amounts in advance from cdv for high-quality products and rights of distribution, possibly resulting in financing needs. Corporate action (both equity and credit capital) was taken or initiated, especially in the current financial year 2008, in connection with investments in extensive series of games, so-called line-ups.
Should these measures prove impossible to carry out as intended, or should the market objectives tied to the investments, and thus the required return of liquidity, not be achieved, this may significantly endanger the company's solvency and survival.

Interest rate and currency risks

The risks caused by changing interest rates are slight, due to predominantly fixed-interest loans.

The development of the US dollar (USD), the Czech koruna, the Hungarian forint (HUF) and the Slovak koruna (SKK) in relation to the euro constitutes a risk of exchange loss due to the company's extensive internationalization. Risks relating to foreign currencies are an integral part of our risk management system, and are constantly monitored. Moreover, payment flows in foreign currencies are coordinated as far as possible.

Loss of receivables
The risk of loss of receivables is minimized by working only with solvent partners whose financial strength is constantly monitored. In addition, claims against major customers are secured through a commercial credit insurance.

Future development opportunities
cdv's new business model as an independent, supra-regional distribution service provider offers the international games industry a true alternative to traditional distribution channels. The exclusive distribution contracts for several top products in the first category already concluded in 2008 not only confirm leading developers'/publishers' appreciation of our comprehensive service competence, but also constitute lasting references for cdv through successful product commercialization, which may be cited during further product negotiations.
cdv will therefore encounter further considerable growth opportunities, based on its international network.

Corporate governance report
Open, responsible corporate management and control oriented towards sustainable value creation is an integral part of cdv Software Entertainment AG's corporate culture.
The management and supervisory boards of cdv Software Entertainment AG declare that they complied with the recommendations of the Commission of the German Corporate Governance Code in the year 2007, with the modifications listed below, and will continue to do so in 2008.

Deviations from the recommendations of the German Corporate Governance Code

1. **Publication of documents**
   According to article 2.3.1, the board should not only disclose the reports and other documents required by law to be presented at the general meeting and transmit them to the shareholders on request, but also make them accessible on the company's Internet site together with the agenda.
   Due to competitiveness and increasing piracy, the management board refrains from publishing strategic company information on the Internet.

2. **Following the Annual General Meeting using modern communication media (article 2.3.4)**
   For reasons of economy, it is not possible to follow the Annual General Meeting by means of modern communication media (e. g. Internet).

3. **Deductible for D&O policy (article 3.8)**
   Article 3.8 of the code advises to specify an appropriate deductible if a directors' and officers' liability insurance (D&O policy) is taken out for members of the management board and the supervisory board. cdv Software Entertainment AG's D&O policy for its management and supervisory boards does not include a deductible.

4. **Corporate Governance report in the annual report (article 3.10)**
   No annual report was issued in the financial year 2007.

5. **Compensation of management board members (article 4.2.3, section 2)**
   The compensation of management board members consists of a fixed portion plus a performance-related limited bonus. In the fiscal year 2007 no compensation was granted. The compensation received by each management board member is detailed in the annual report.
   No further account and explanation of the compensation system is deemed necessary. The company considers an explanation of the principles of compensation to be sufficient.

6. **Age limit for members of the management board (article 5.1.2, section 2)**
   The supervisory board of cdv Software Entertainment AG currently sees no need to specify an age limit for the members of the management board.

7. **Formation of committees (article 5.3)**
   Article 5.3 of the code recommends the formation of qualified committees, depending on the specific situation of the company and the number of its supervisory board members, as well as the establishment of an audit committee. However, since the supervisory board of cdv Software Entertainment AG consists of no more than three members, the formation of committees is not required.

8. **Compensation of supervisory board members (article 5.4.7)**
   Article 5.4.7 of the code suggests that members of the supervisory board should receive fixed as well as performance-related compensation.
   The members of the supervisory board receive no performance-related compensation, but fixed compensation only, according to § 12 of the company's statutes.

9. **Accessibility of the interim report (article 7.1.2)**
   According to article 7.1.2, the consolidated financial statement is to be made publicly accessible within 90 days of the end of the financial year, and interim reports within 45 days of the end of the reporting period. However, the company published its consolidated financial statement and the interim report for the financial year 2007 according to its legal duties of publication, but later than 90 or 45 days following the end of the reporting period, respectively.

The German Securities Trading Act (Wertpapierhandelsgesetz, WpHG) stipulates a period of four months for the publication of the consolidated financial statement. The company will adhere to this period for the publication of the consolidated financial statement for the financial year 2007.
According to the German Securities Trading Act, interim reports are to be published within two months. The company will adhere to the two-month period, and may publish interim reports sooner if internal processes allow.

Munich, February 2008
The Management Board The Supervisory Board

Management board's explanatory report regarding statements in accordance with §§ 289 section 4 and 315 section 4 of the German Commercial Code (Handelsgesetzbuch, HGB)

When the Second Alteration Law of the Reorganization of Companies Act (Zweites Gesetz zur Änderung des Umwandlungsgesetzes) came into effect on April 25, 2007, the regulations stipulated under § 120 section 3, 2nd sentence of the German Stock Companies Act (Aktiengesetz, AktG) and § 171 section 2, 2nd sentence AktG were changed. The management board is now obliged to explain the information given in the management report and the consolidated report in accordance with §§ 289 section 4, 315 section 4 HGB in a separate report.

The management board of cdv Software Entertainment AG has therefore compiled the following explanatory report in accordance with §§ 289 section 4, 315 section 4 HGB for the financial year 2007:
The company's subscribed capital as of December 31, 2007 amounted to EUR 1,568,271, split into 1,568,271 individual, named share certificates with a calculated nominal value of EUR 1.00 each.

The subscribed capital changed in the financial year 2007, as detailed in the statement on changes in equity. The 1,568,271 individual share certificates were all equity shares. All of the company's shares belong to the same class. All 1,568,271 individual, named share certificates were approved for stock exchange trading in the General Standard of the Frankfurt Stock Exchange as of December 31, 2007.

The reduction of the company's capital stock by EUR 1,417,500 from EUR 1,620,000 to EUR 202,500, split into 202,500 named shares without a nominal value (individual share certificates), was decided at the general meeting on November 6, 2006, and recorded in the commercial register on April 11, 2007. A capital increase of authorized capital by EUR 136,000 to EUR 338,500 was decided by the management board with the supervisory board's approval on May 9, 2007, and recorded in the commercial register on May 29, 2007. Furthermore, a

capital increase of authorized capital by EUR 674,000 to EUR 1,012,500 was decided by the management board with the supervisory board's approval on May 31, 2007, and recorded in the commercial register on June 19, 2007.
The management board has no knowledge of any restrictions affecting the voting rights or the transfer of the company's shares.

The appointment and dismissal of management board members is subject to legal regulations (§§ 84, 85 AktG). They are therefore appointed and dismissed by the supervisory board, which also determines the number of management board members.
The amendment of the statutes is also subject to legal regulations (§§ 133, 179 AktG). Therefore, the general meeting's decisions regarding amendments of the statutes require a simple majority of votes, as well as a majority of three quarters of the represented capital stock at the time the decision is made.

The company's authorized capital came to EUR 810,000 as of December 31, 2006. Following the utilization of the authorized capital amounting to EUR 810,000 in the context of the two capital increases of May 9 and May 31, 2007, the authorized capital amounted to EUR 0 as of December 31, 2007. The company's annual general meeting decided to approve a further authorized capital on August 17, 2007. The management board is thus authorized to increase the capital stock with the supervisory board's approval, once or several times, by a maximum total amount of EUR 506,250 through cash contributions or contributions in kind by issuing up to 506,250 new, named, individual share certificates by December 7, 2012, and to depart from the legally stipulated beginning of profit-sharing. The commercial register entry was made on February 13, 2008.

A capital increase of authorized capital by EUR 156,827 to EUR 1,725,098 was decided by the management board with the supervisory board's approval on March 26, 2008, and recorded in the commercial register on April 17, 2007. The authorized capital therefore currently amounts to EUR 349,423, and the subscribed capital amounts to EUR 1,725,098. Furthermore, as of December 31, 2006, the company possessed a contingent capital of EUR 810,000. The contingent capital was created in connection with the authorization to issue option/convertible bonds according to the decision of the general meeting on November 6, 2006, and will only be utilized as far as the owners of convertible/option bonds make use of their option/convertible rights, or the owners of convertible bonds fulfill their duty to convert, and as far as no own shares are provided in order to fulfill these rights.

Based on the abovementioned authorization by the Annual General Meeting of November 6, 2006, the company placed the convertible zero-coupon bond 2007/2009 (ISIN DE000A0MFUH5) with private and - partly international - institutional investors, a total of 322,500 partial bonds. These 322,500 partial bonds

carried the right to be exchanged for 322,500 of the company's owner shares with voting power. As a result of the conversion of 307,109 convertible bonds that were converted by exercising this right, 307,109 new shares were subscribed for from the authorized capital within the exercise period from September 17, 2007, through September 21, 2007.
Furthermore, based on the abovementioned authorization by the Annual General Meeting of November 6, 2006, the company placed the convertible zero-coupon bond II 2007/2009 (ISIN DE000A0S8EA9) with private and - in part international - institutional investors, a total of 257,500 partial bonds. These 257,500 partial bonds carried the right to be exchanged for 257,500 of the company's owner shares with voting power. As a result of the conversion of 248,662 convertible bonds that were converted by exercising this right, 248,662 new shares were subscribed for from the authorized capital within the exercise period from September 17, 2007, through September 21, 2007. Thus, as of December 31, 2007, the company had authorized capital amounting to EUR 254,229 at its disposal.
At the time being, the company does not hold any of its own shares. However, on August 17, 2007, the Annual General Meeting authorized the management board to acquire some of the company's own shares up to 10 percent of the share capital as of the date of authorization within a 18-month period starting on August 17, 2007, upon approval by the supervisory board. This right may be exercised as a whole or in part, once or several times. The acquired shares, including other own shares which are owned by the company or are to be attributed to the company in accordance with §§ 71 a ff. AktG (German Stock Companies Act), must not exceed 10 percent of the capital stock at any time.
As of December 31, 2007, the company is aware of the following shareholders, whose direct or indirect participation in the authorized stock adds up to at least 10%, or who, directly or indirectly, hold at least 10% of the voting rights: (i) GDD Holding GmbH, Munich (28.27%), and (ii) Brockhaus Private Equity II Verwaltungs-GmbH, Frankfurt/Main (21.78%).
The company has not concluded any significant agreements that contain change-of-control clauses.
As far as the Management Report or the Consolidated Management Report of cdv Software Entertainment AG for the 2007 business year do not contain information regarding individual circumstances that are subject to disclosure, these circumstances did either not apply in the 2007 business year, or legal regulations are applicable.

Frankfurt/Main, April 24, 2008
The Management Board

Subsequent Events Report

Right at the beginning of 2008, cdv Software Entertainment AG successfully continued its expansion course, and on January 11 acquired 75 percent of shares in the French company Madrics Media S.A.S. (cdv Madrics Media S.A.S. in the future) with the option to acquire the remaining shares as well. This company is well established in France; within the quickly growing cdv group, it will be in charge of marketing and distribution of games software and hardware, as well as games accessories, in France and the Benelux countries. cdv Madrics Media S.A.S. owns much sought-after trade listings with all relevant chain stores in France/Benelux and, with its experienced management and distribution team, is one of the leading distributors in the French games market.
On January 29, cdv announced an extensive cooperation with ASCARON. cdv Software Entertainment, Inc. USA, a wholly owned subsidiary of cdv Software Entertainment AG, takes charge of marketing and distributing the upcoming blockbuster game 'SACRED 2 - Fallen Angel' in the US, Canada and Mexico. The agreement includes the platforms PC and Microsoft Xbox 360. For North America, the launch of the top title from ASCARON Entertainment GmbH (ASCARON) is scheduled for the second half of 2008; thus, the game will be available during the sales boom in the pre-holiday season.
cdv stock also benefitted from this development. Opening at EUR 14.05 on the first trading day in 2008, the share's development was positive in the first quarter of the current business year, despite a difficult stock market environment. In the first quarter of 2008, the cdv share gained almost 5 percent and was listed at EUR 14.75 at the end of March, with a temporary maximum rate of EUR 17.49 on January 15.
On March 26, 2008, based on the abovementioned authorization by the Annual General Meeting of August 17, 2007, the company placed a capital increase of authorized stock with private and - partly international - institutional investors to the amount of 10% of the capital stock (156,827 shares). The capital increase was recorded in the Munich Trade Register (Handelsregister München) on April 17, 2008. Accordingly, the new capital stock of the company amounts to EUR 1,725,098. At the beginning of April, the German sales agency of cdv moved its offices from Bruchsal to Frankfurt/Main, Hanauer Landstrasse 161-173.

Forecast report

Anticipated economic cycle

For 2008, the six leading German economic research institutes anticipate a slight slowdown of the global economic cycle. This is caused by a further adjustment on the real estate market, as well as decreasing dynamics of private consumption in the USA. Moreover, the strong euro will dampen economic growth in the euro zone.

For 2008, the Kiel Institute for World Economy expects the German real gross domestic product to grow by 1.9 percent, as compared to 2.6 percent in the previous year; the economic development will be mainly supported by domestic demand.
According to a forecast by the International Monetary Fund (IMF), the global economic downward trend will also slow down the economic growth in Germany in 2008.
However, the economic situation in Germany surprisingly brightened up at the beginning of the year. The Ifo business climate index (Ifo-Geschäftsklimaindex) rose from 103.0 points in December 2007 to 103.4 points in January 2008, although in December economists were still anticipating a reduction by almost one point. Also, the recent stock market crash is not reflected in the business climate. The outlook of the financial markets is optimistic in spite of fears of recession. However, as a result of the credit crisis, banks have tightened their credit conditions. According to bank surveys, this will dampen investment and consumption demand.

A dynamic industry
For the entertainment software industry, experts anticipate a continued strong growth for the coming years. In its „German Entertainment and Media Outlook: 2006 - 2010" study, PricewaterhouseCoopers expects the market volume for computer and video games to double to EUR 2,600 million by 2010.

Outlook
Having successfully restructured the business, the company has paved the way for positioning itself in the global games market as an independent distributor of PC and video games, as well as accessories. By acquiring new subsidiaries in Austria and Eastern Europe in the year under report, and a majority holding in France in the first quarter of 2008, cdv took further steps towards its goal; the complete coverage of the European and US American markets.
Particularly with regard to the acquisition of cdv Madrics Media S.A.S., the management board expects an additional lower eight-figure sales growth potential in the next two years.
The next steps towards regional expansion of our sales structures are planned in the UK, one of the major European games markets, which is supposed to be developed by founding a company based on existing structures, and Spain, where the consoles business is growing especially fast.
As a result of increasing demand for animated TV series and family shows in Europe, the demand for accompanying PC and consoles games will rise as well. The company expects to profit from this additional growth potential, due to its excellent business contacts and cooperations.

All set for growth
Based of the positive development in consumer behavior in central Europe, cdv assumes that its growth will continue in 2008. Through the conclusion of distri-

bution agreements for entire game lineups as well as single game titles with high sales potential, the company is already using a major part of its distribution capacities up to the second quarter of 2008. cdv will continue to pursue the strategy of further expansion in order to secure results and increase profits in the current business year and beyond.
The company has already started additional initiatives in this respect and founded two new subsidiaries, cdv Finance GmbH and cdv License GmbH. These subsidiaries will be offering financing and licensing services to development studios and publishers in the games industry, a novelty in combination with the cdv distribution network.
For the current business year of 2008, cdv Software Entertainment AG expects consolidated sales before returns and conditions of EUR 36 million. This would correspond to a 50 percent growth over the previous year's sales (EUR 24 million). The management board anticipates a consolidated EBIT of EUR 4 million (2007: 2.4 million). In 2008, the leading full service provider in the computer and video game industry will again demonstrate the sustainability of its successful restructuring. For 2009, we expect a further increase in consolidated sales and profits. With its innovative business model, cdv is well prepared for the years to come.

Declaration of legal representatives

We assure in all conscience that, in accordance with the applicable accounting standards, this financial report provides an accurate impression of the actual circumstances in terms of assets, finances and revenue, and that the consolidated management report describes the course of business including business results and the company's situation in such a way that it provides an impression which corresponds to the actual circumstances, and also represents the essential opportunities and risks in the anticipated development of the group.

Consolidated Financial Statement 2007

Overview

Consolidated Key Figures

	2007 kEUR	2006 kEUR	2005 kEUR
Sales (after returns)	*14,877*	*10,187*	*15,940*
Result from ordinary operations	*2,478*	*(8,341)*	*1,312*
Consolidated net gain/loss	*1,063*	*(8,268)*	*1,140*
Non-current assets	*15,600*	*3,443*	*4,114*
Current assets	*14,859*	*5,271*	*9,944*
Liabilities	*14,441*	*10,667*	*7,725*
Equity	*15,510*	*-1,954*	*6,333*
Total assets	*29,951*	*8,714*	*14,058*
EBIT, EUR per share	*2.16*	*(5.15)*	*0.81*
Group profit/deficit, EUR per share	*1.06*	*(5.10)*	*0.70*
Average number of employees	*70*	*88*	*101*

Group Structure

Parent company
cdv Software Entertainment AG, Munich

Branch office
cdv Software Entertainment AG, Frankfurt

Subsidiaries
cdv Finance GmbH (currently being incorporated), Bruchsal (100% of shares)
cdv Online GmbH, Bruchsal (50% of shares)
cdv Vertriebs GmbH, Bruchsal (100% of shares)
Gamesmania Gmbh, Munich (100% of shares)
P.O.S. telesales & promotion service GmbH, Mainhausen (100% of shares)
Seven M Vertriebs Gmbh, Brunn am Gebirge, Austria (100% of shares)

- Seven M Kft., Budapest, Hungary (95% of shares)
- Seven M s.r.o., Prague, Czech Republic (100% of shares)
- Seven M Vertriebs s.r.o., Bratislava, Slovakia (100% of shares)

cdv Software Entertainment USA, Inc., Cary, NC/USA (100% of shares)
WHIZ Kft, Budapest, Hungary (50,3% of shares)

Executive bodies

- **Management Board**

Christian Gloe, businessman, Hamburg (CEO since September, 2007)
Philipp Stiehl, graduate in business administration, Pullach (CFO since September 2007, before CEO since August 2006)
Arne Peters, businessman, Munich (COO since September, 2007)

- **Supervisory Board**

Dr. Michael Rimbeck, Munich (Chairman)
Rüdiger Trautmann, Grasbrunn (as of August 17, 2007)
Hans Ulrich Stoef, Munich (as of August 17, 2007)

Consolidated Balance Sheet

ASSETS	*Appendix*	***12/31/2007*** *kEUR*	12/31/2006 *kEUR*
Current assets			
1. Cash and cash equivalents	*(8)*	*2,666*	*730*
2. Trade accounts receivable	*(9)*	*8,756*	*3,683*
3. Inventories	*(10)*	*1,860*	*530*
4. Tax refund claims	*(11)*	*7*	*0*
5. Other current assets	*(12)*	*1,061*	*328*
Total current assets		***14,350***	***5,271***
Non-current assets			
6. Deferred tax assets	*(13, 14)*	*514*	*918*
7. Tangible assets	*(15)*		
1. technical equipment and machinery		*0*	*9*
2. other equipment and fittings		*218*	*187*
8. Intangible assets	*(15)*		
1. Concessions, industrial property rights and similar rights and licenses thereto		*6,854*	*1,987*
2. Prepayment to own work		*0*	*336*
9. Financial assets	*(15)*	*0*	*6*
10. Business or company value		*8,014*	*0*
Total non-current assets		***15,600***	***3,443***
Total assets		***29,950***	***8,714***

LIABILITIES AND EQUITY	*Appendix*	***12/31/2007*** *kEUR*	12/31/2006 *kEUR*
Current liabilities	(16)		
1. Trade accounts payable		*6,162*	*3,481*
2. Advance payments received		*0*	*159*
3. Provisions	*(17)*	*1,863*	*2,901*
4. Income tax payable		*0*	*0*
5. Other current liabilities		*848*	*295*
6. Tax liabilities		*305*	*0*
Total current liabilities		***9,178***	***6,836***
Non-current liabilities			
7. Deferred tax liabilities	*(14)*	*210*	*0*
8. Other non-current liabilities	*(16)*	*284*	*0*
9. Non-current financial liabilities	*(16)*	*4,768*	*3,831*
Total non-current liabilities		***5,262***	***3,831***
Equity	***(18)***		
10. Share capital		*1,568*	*1,620*
11. Capital reserve		*13,565*	*9,660*
12. Revenue reserve / other revenue reserves		*0*	*1,019*
13. Consolidated loss carryover		*(2,048)*	*(5,877)*
14. Minority capital		*1,235*	*0*
15. Equity difference resulting from currency conversions		*(29)*	*(108)*
16. Consolidated company result		*1,219*	*(8,268)*
Total equity		***15,510***	***-1,954***
Total liabilities and equity		***29,950***	***8,714***

Consolidated Profit and Loss Statement

	Appendix	**12/31/2007** kEUR	12/31/2006 kEUR
1. Sales after returns	(1)	14,877	10,187
2. Other operating incomee	(2)	4,134	868
3. Changes in inventories of finished goods and work in progress		521	212
4. Cost of purchased materials and services		(5,010)	(4,588)
5. Personnel expenses	(3)	(2,768)	(3,586)
6. Depreciation and amortization		(1,546)	(3,147)
7. Unscheduled write-downs /write-ups	(4)	(1,057)	(2,564)
8. Other operating expenses	(5)	(6,672)	(5,224)
Operating income / loss (EBIT)		**2,478**	**(7,842)**
9. Other interest and similar income	(6)	0	15
10. Interest income/expense	(6)	(444)	(291)
11. Foreign currency exchange gains / losses	(6)	(191)	(223)
Result before taxes (EBT)		**1,843**	**(8,341)**
12. Income tax	(7)	(425)	0
13. Deferred tax assets	(7)	(355)	74
14. Net income / loss		**1,063**	**(8,268)**
Net income share of other shareholders		**-156**	
Consolidated result to which the shareholders are entitled		**1,219**	
15. Loss carryover from the previous year		(2,048)*	(5,877)
16. Consolidated balance sheet loss		**(829)**	**(14,145)**

Net income EUR per share (basic)	1.06	(5.10)
Net income EUR per share (diluted)	0.87	(5.10)
Weighted average shares outstanding (basic)	1,149,686	1,620,000
Weighted average shares outstanding (diluted)	1,403,915	1,620,000

*) as a result of financial measures, see Statement of Changes in Equity

Consolidated Cash Flow Statement

		Appendix	12/31/2007 kEUR	12/31/2006 kEUR
Consolidated result			**1,219**	**(8,342)**
+	Write-downs of fixed assets	(15)	2,602	5,711
+/-	Other expenses/income not impacting cash flow		(2,479)	(8)
+/-	Increase/decrease in accrued liabilities including deferred taxes	(17)	(522)	1
-/+	Profit/loss from the divestiture of fixed assets		0	3
-/+	Increase/decrease in inventories, trade accounts receivable as well as other assets, which are not classified as investments or financing activities, including deferred taxes	(9, 10, 12)	(3,254)	101
+/-	Increase/decrease in trade accounts payable as well as other liabilities, which are not classified as investments or financing activities	(16)	582	2,913
Cash flow from operating activities			**(1,853)**	**379**
-/+	Outflows/Inflows from investments/divestitures	(15)	(3,394)	(5,065)
Non-cash contributions of the holdings SevenM, POS and GamesMania				
-	Intangible assets		(925)	0
-	Tangible assets		(142)	0
-	Current assets		(3,485)	0
+	Provisions		259	0
+	Current liabilities		3,635	0
-	Business or company value		(8,014)	0
+	Investments from non-cash contributions not impacting cash flow		8,672	0
Cash flow from investment activities			**(3,394)**	**(5,065)**
+	Inflows from loan		466	29
+	Capital increase from share conversions	(18)	6,717	0
-	Outflows due to profit participation rights		0	(1)
Cash flow from financing activities			**7,183**	**28**
Changes in cash and cash equivalents			1,936	(4,658)
Cash and cash equivalents at the beginning of the period under report			730	5,388
Cash and cash equivalents at the end of the period under report		**(8)**	**2,666**	**730**

Consolidated Statement on Changes in Equity

cdv group in kEUR	Subscribed capital	Capital reserves	Revenue reserves	Result carryover	Minority share	Currency	Annual result	Total Equity
as of January 1, 2007	**1,620**	**9,660**	**1,019**	**-14,144**	**0**	**-108**	**0**	**-1,954**
Consolidated result	0	0	0	0	-155	0	1,219	1,063
Capital decrease	-1,418	-9,660	-1,019	12,096	0	0	0	0
Capital increase	810	7,585	0	0	0	0	0	8,395
Conversion	556	6,161	0	0	0	0	0	6,716
Cost of funds	0	-181	0	0	0	0	0	-181
Changes not impacting result	0	0	0	0	0	78	0	78
Minority share	0	0	0	0	1,390	0	0	1,390
as of December 31, 2007	**1,568**	**13,565**	**0**	**-2,048**	**1,235**	**-29**	**1,219**	**15,510**

cdv group in kEUR	Subscribed capital	Capital reserves	Revenue reserves	Result carryover	Minority share	Currency	Annual result	Total Equity
as of January 1, 2006	**1,620**	**9,696**	**1,019**	**-5,877**	**0**	**-125**	**0**	**6,333**
Consolidated result	0	0	0	0	0	0	-8,268	-8,268
Changes not impacting result	0	0	0	0	0	0	0	0
Capital contribution	0	-36	0	0	0	17	0	-19
as of December 31, 2006	**1,620**	**9,660**	**1,019**	**-5,877**	**0**	**-108**	**-8,268**	**-1,954**

Financial calendar

- February 24-27, 2008: 1. Kitzbüheler Capital Market-Conference
  A-ROSA Resort Kitzbühel
- April 2008: Annual report for the financial year 2007
- April 29-30, 2008: General Standard Conference of the Deutsche Börse
- April 2008: Publication of Annual Report
- June 2008: First Quarter Release
- July 21, 2008: Annual General Meeting
- August 2008: Publication of Half Year Report 2008
- August 20-24, 2008: Games Convention in Leipzig
- November 2008: Third Quarter Release

Impressum

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