



Semi-annual financial report of 313 Music JWP AG
01.01.2008 to 30.06.2008



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Group ratios

Data according to IFRS		30.06.2008	30.06.2007
Turnover	TEuro	2,270	2,477
Production cost	TEuro	1,193	1,154
Gross sales result	TEuro	1,077	1,323
Gross margin	%	47.4	53.4
EBITDA	TEuro	-1,501	-1,699
EBITDA margin	%	-	-
EBIT (operating result)	TEuro	-1,948	-2,042
EBIT margin	%	-	-
Result after taxes	TEuro	-1,580	-985
Net rate of return	%	-	-
Net result per share*	Euro	-0.17	-0.11
Cash flow according to DVFA/SG	TEuro	-1,144	-642
Employees as per reporting date		19	19

* Basis: 9.083.333 shares

		30.06.2008	30.06.2007
Balance sheet total	TEuro	25,800	30,425
Equity capital	TEuro	19,393	23,707
Equity ratio	%	75.2	77.9

The semi-annual financial report as per 30 June 2008 was prepared according to the requirements of the IAS 34 and the provisions of DRS 16 (near final draft). The balance sheet and valuation methods are comprehensively explained in the business report for 2007. The interim report was neither audited according to § 317 HGB nor subject to review by an auditor.



Group interim report

Business and general conditions

Business foundation and group structure

313 Music JWP AG produces and publishes recording of music with various artists, purchases recordings by other producers and exploits them. Along with the music production business segment, we are active in the area of artist management through our subsidiary 313 Music GmbH, in which we hold 51 % of the shares. In this manner, we not only profit from media sales, but from all revenues of an artist. In addition, our 45 % interest in the Manfred Hertlein Veranstaltungs-GmbH covers the event management segment. Furthermore, the publication business, where the intellectual property of composers and text writers is managed, is intended to grow. For this purpose, new copyrights are being established continuously and exploited by the subsidiary Transcontinent Musikverlag OHG. The headquarters of 313 Music JWP AG is located at Unterföhring near Munich.

The foreign subsidiaries include VI Music Holding Inc., Puerto Rico, in which 313 Music JWP AG holds 50 % plus one share. It acts as a holding company for the interest in VI Music LLC, which is also resident in Puerto Rico, in which we hold a 50 % interest. The purpose of this company is the production and publication of works of music, particularly in the Americas. The remaining shares of VI Music LLC are owned by Universal Music Group, which also takes over the worldwide marketing of the associated label VI Music. The remaining shares in the American HoT JWP Music Inc., Miami, in which 313 Music JWP AG still held 48.3 % in 2007, were sold retroactively as per 01.01.2008.

In addition, 313 Music JWP AG owned 100 % of the shares of ALDACO entertainment GmbH and White Records GmbH, both at Unterföhring. The companies were merged effective on 1 January 2008 to form Seven Days Music GmbH, Unterföhring.

This is in line with the realignment of the company, which reorganizes the structure of the group.

The managing board is comprised of two members. The chairman of the managing board has been Thomas M. Stein since 1 March 2006. Since 13 September 2007, Volker Neumüller has been an



additional member of the managing Board. Thomas M. Stein will resign from the managing board on 31 August 2008.

Work of the managing board is continuously supervised by the supervisory board. As per 31 March 2008, this body was comprised of: Jürgen Uhlemann as chairman of the supervisory board, Dr. Thomas Griebe as deputy chairman and Karl-Heinz Klemnow.

Important event in the first half of 2008

Capital increase

The second tranche of the capital increase decided in November 2007 could be placed by us fully in January 2008. The remaining 483,333 shares were signed by private investors and strategic investors in the framework of a non-public private placement at the fixed purchase price. Hence, the 313 music JWP AG issued a total of 2,083,333 shares at a purchase price of 1.20 Euro per share. corresponding to a funds inflow in the amount of 2.5 million Euro, during the capital action.

HoT JWP Music Inc., Miami

Retroactively as per 01 January 2008, the remaining shares in the amount of 48.3 % of the American subsidiary HoT JWP Music Inc., Miami, were sold at the beginning of the year.

Merger

The shares of ALDACO entertainment GmbH and White Records GmbH, in which we hold 100 % each, were merged in Seven Days Music GmbH, Unterföhring.

Managing board

The chairman of the managing board, Thomas M. Stein, will not extend his contract, which terminates on 31 August 2008. Volker Neumüller resigned from his office on 12 August 2008 with immediate effect.



Economic environment

In the first six months of 2008, the global economy experienced a robust growth. In The European and Asian industrial countries, the growth of the real gross domestic product accelerated even more than expected, in the USA, there was only little expansion of the national economy. In the Euro area, primarily the German economy experienced a positive growth in the first half of 2008.

The economic indicators established at the end of the second quarter of 2008, however, already indicate a clear cooling of the expansion of the global economy. The high rate of inflation – caused by the greatly increased price of oil – and the continued uncertainty on the global financial markets are increasingly slowing the global economy down. The economic indicator established by the Munich ifo Institut for the development of the global economic climate has significantly worsened during the second quarter of 2008, the indicator fell to the lowest level since six years.

In the second quarter of 2008, the greatest burdens for the global economy remain the crisis of the real estate market in the USA and the resulting global financial crisis. The second quarter showed that new liquidity crises of major financial institutions cannot be precluded. In addition, the greatly increased food and energy prices impact the global economy.

Industry development

The music industry, on the other hand, continues to live in a tense environment. After the first quarter, market researchers found negative sales of 9.4 percent and negative turnover of 8.1 percent on the market for physical media.

However, the download business continues to develop against the trend. From the beginning of January until the end of March, the sales figures for all digital products grew 38.1 percent, the number of downloaded single tracks by 36.1 percent and that of bundles sold by 63.3 percent.

On the one hand, this is due to improved technical equipment and a broader product range, and on the other hand it is based on the growth of the number of young buyers between 10 and 19 years of age. Whether or not this growth is due to the successes in fighting Internet piracy will only be shown in the next years according to the Bundesverband Musikindustrie e.V. At present, there are 10 to 20 illegal downloads for every legal one according to estimates.

Earnings position



Group sales

In the first half of 2007, the business of 313 Music JWP AG did not yet meet our targets: In sum, a group turnover of 2,270 TEuro was booked until the end of June 2008. Compared to last year's value of 2,477 TEuro, this is a decrease of 8.4 %.

On the one hand, the market development in the German-language area continued to the negative after a weak first quarter. On the other hand, the company suffered a high number of returns. Consequently, the parent company achieved a stabile turnover of 1,449 (previous year 1.425) TEuro compared to the comparable period of last year in the first half of 2008, however, in particular the subsidiaries in Puerto Rico, VI Music Holding Inc. and VI Music LLC, were considerably behind expected sales because, among others, the announced album of Reggaeton artist **Don Omar** was delayed. The Transcontinent Musikverlag OHG, Unterföhring, which specialized in publication, had a business volume of 95 (previous year 176) TEuro from January to the end of June.

Sales by segments

Subdivided by segments, the labels business segment shows a turnover of 2,175 TEuro after 2,301 TEuro in the first six months of 2007. Hence, the business segment contributed 96 (previous year 93) % of the group volume during the reporting period. In our second industry, publishing, the turnover decreased from 176 TEuro to 95 TEuro. This business segment was realigned, and it is intended to further expand it. For this purpose, we built up new rights parallel to the sale of existing rights of exploitation in the catalog of Transcontinent Musikverlag OHG, which became effective in August 2007. They are exploited in a goal-oriented manner which strengthens our traditionally strong earnings in the publication business.

Group result

Due to the significant downturn in sales in the group, the earnings position during the reporting period was also under pressure. Despite a small increase in the production cost from 1,154 TEuro to 1,193 TEuro, the gross result was reduced as compared between half years from 1,323 TEuro to 1,077 TEuro. The gross margin on sales reduced from about 53 % to 47 %.



The sales cost were reduced from 1,849 TEuro to 1,454 TEuro, however, the overhead and administration costs were almost unchanged at 1,570 TEuro after 1,516 TEuro in the comparison period. Before interest, taxes and depreciation, the result (EBITDA) was -1,501 (previous year -1,699) TEuro. The EBIT, which corresponds to the operating result, was -1,948 TEuro after six months following -2,042 TEuro during the corresponding period of the previous year. Before taxes, the group result was -1,635 (previous year -1,896) TEuro. In sum, the annual deficit after six months was 1,580 (previous year 985) TEuro. For each share, therefore, a net result of -0.17 Euro after -0.14 Euro in the first half of previous year is calculated.

Profit development by segments

The segment labels showed a net result of -1,864 TEuro during the reporting period compared to -974 TEuro in the relevant period of 2007. In the publications segment, a result of 273 TEuro was achieved, following a deficit of 11 TEuro for the same period of last year. This resulted from one-off subsequent claims for GEMA payments from earlier accounting period.

Assets and financial position

Flow of funds statement

The cash flow according to DVFA/SG was -1,144 (previous year -642) TEuro.

The effective expenses from the investment activities during the reporting period amounted to 1 TEuro, whereas 348 TEuro flowed out during the comparison half. From the financing activity, 740 (previous year -167) TEuro was provided to date, where the payment of 580 TEuro from the capital increase compared to new loans in the total amount of 160 TEuro.

In sum, the financial fund in the group at the end of June 2008 amounted to a total of 496 TEuro after 1,568 TEuro at the end of 2007.



Balance sheet analysis

Compared to the end of 2007, the group balance sheet of 313 Music JWP AG decreased from 27,995 TEuro to 25,800 TEuro. On the assets side, the long-term assets decreased from 20,262 TEuro on 31.12.2007 to 19,792 TEuro. This is primarily the result of a decreased of immaterial asses from 17,819 TEuro to 17,369 TEuro, whereas deferred taxes are almost unchanged: 1,013 TEuro compared to 1,034 TEuro. The financial assets, at 960 TEuro, also remained on the level of 31.12.2007. The short-term assets decreased from 7,733 TEuro to 6,008 TEuro. This was mainly due to a reduction of the accounts receivable from deliveries and services from 1,206 TEuro to 838 TEuro and of the other accounts receivable. They were reduced from 4,490 TEuro to 4,265 TEuro. The liquid funds were reduced from 1,568 TEuro to 496 TEuro.

The equity capital in the group as per 30.6.2008 was 19,393 TEuro after 20,450 TEuro at the end of 2007. Relative to the balance sheet total, this results in an equity ratio of about 75.2 (31.12.2007: 73.1) %. The equity capital per share was about 2.14 (31.12.2007: 2.38) Euro (Basis: 9 million respectively 8.6 million shares).

The long-term liabilities slightly increased, which amounted to 2,497 (31.12.2007: 2,442) TEuro. The short-term liabilities amounted to a total of 3,909 (31.12.2007: 5,103) TEuro. The liabilities from deliveries and services decreased from 1,047 TEuro to 849 TEuro. The liabilities towards relatives were reduced from 457 TEuro to 55 TEuro and the other liabilities also decreased from 1,895 TEuro to 1,297 TEuro. The short-term reserves at the reporting date amounted to 1.314 (31.12.2007: 1.358) TEuro.

Number of employees

The number of employees in the group was unchanged at 19 compared to the same period of last year.

Chances and risks



For a description of the chances and risks, we refer to the group situation report as per 31 December 2007 (business report p. 25 ff). No significant changes occurred relative to the reporting there. No new risk factors occurred, which may have a significant or sustained influence on the financial situation or the group business development.

Supplemental report

The joint venture between Universal Music Group and VI Holding Inc., Puerto Rico, will likely terminate in 2008 as stipulated in the contract. The companies are currently in discussions.

Mr. Volker Neumüller resigned from his office as a member of the managing board on 12 August 2008 in order to get actively involved in building up the artist management as the general manager of 313 Music GmbH.

Prognostic report

General conditions

The German economy shrunk for the first time in four years in the second quarter of 2008. The gross domestic product (GDP), adjusted for calendar and season, decreased by 0.5 % real compared to the same period of last year. Experts see the current development primarily as a reaction to the strong beginning of the year. In the first quarter, the economy has achieved the strongest growth since almost twelve years, namely 1.5 % according to official figures, which was also due to the mild winter. Also due to tax effects, the first quarter was good. In the second quarter, however, the crisis of the financial markets, the strong Euro and the high oil price acted as brakes.

Business development of 313 Music JWP AG



313 Music JWP AG will continue on the course set in 2008 in order to profit from the future-oriented investments that were initiated. The expansion of our areas of activity and the optimized cost structures are likely to improve our earnings position. However, this also depends on the reorganization measures taken in 2007 becoming effective and that no external factors will significantly affect this. It cannot be excluded that liquidity must be provided to the company within the framework of reorganization.

It is our primary strategic goal to utilize increasingly large parts of the marketing chain in the music industry in order to achieve more independence from pure media sales. In the long term, we will achieve a higher earnings and planning security in this manner. The new business segments, artist and event management, above all and the publication business will consequently be expanded by us. In addition, we will increasingly move to the strong-growth online marketing in order to follow development in the industry. In contrast to other companies, we began this reorientation at an early time and hope for a competitive advantage due to this.

We are also broadening our basis in the music production segment. For this purpose, we are engaging additional artists as well as young talents, expanding the repertoire and intensifying the cooperation with established labels and producers.

In the first months of 2008, we already had a few successes in the operative business of the group: On the one hand, the hit "Du hast den schönsten Arsch der Welt" by Alex C. feat. Y-ass stayed in the German single charts for several weeks and achieved gold status in January. The successor project "Doktorspiele" by the project backed by the artist Alex Christensen immediately conquered the sales charts. The title song of the cult series "Shaun das Schaf" sung by the multi-award-winning comedian Ralf Schmitz was also sold with great success. The single is marketed by 313 Music JWP AG in cooperation with the WDR.

The superstar Mark Medlock was awarded the ECHO, which is regarded as one of the most important music awards of the world, at the beginning of February. The award honors the most successful national and international top stars of the previous year. Mark Medlock won the category "Most successful Newcomer National". In May, Mark Medlock won the coveted VIVA music award COMET as the "Best



Newcomer". The single "Summer Love" from the current album "Cloud Dancer" achieved gold status in Germany recently after conquering 1st place of the German charts directly.

Rednex, who became famous by the international hit "Cotton Eye Joe", which reached the chart position 1 in twelve countries, climbed to place 1 of the sales list at the Swedish home of the band in June with the single "Football Is Our Religion", which was published for the European soccer championship. To date, Rednex received a total of 41 golden records and had six no. 1 titles in Germany alone. The worldwide artist contract between 313 Music GmbH and Rednex was concluded together with King Size Records GmbH of the successful producer, Alex Christensen, and secures for us a share in the income from live concerts of the band.

The DSDS winner, Thomas Godoj, and the second, Fady Maalouf, were given new contracts. The single of Thomas Godoj, "Love Is You", already achieved gold status. The first album of Thomas Godoj, "Plan A!", as well as the single of Fady Maalouf "Blessed" were published last week.

Hansi Hinterseer, for years one of the bestsellers in the artist portfolio of the company, achieved gold in Austria with his current album "Ein kleines Edelweiß". The new CD includes 14 folk melodies, which pick up characteristic dialect melodies from the Tirolean home of the artist. The new album of Hansi Hinterseer, "Für immer", will appear on 22 August 2008.

New publications are planned by the group in 2008: Among others with the artists Alex C., Das BO, Mike Krüger, Matze Knop, who is known as SupaRichie, as well as the newcomers Jenson und Bruno Ferrara. In addition, supplementing the single "Shaun, das Schaf", an album is planned with Ralf Schmitz, "Disco in der Scheune" in cooperation with the WDR which is planned for release this winter.

Shareholder structure - Directors' Holdings

As per the reporting date 30 June 2008, 6,149,968 or 67.70 % of a total of 9,083,333 shares of 313 Music JWP AG were found in portfolio investment. According to information available to us, the Effecten-Spiegel AG held 1,650,000 shares (18.17 %), Heinz Heiler 700,000 shares (7.71 %), and Jürgen Uhlemann as the chairman of the supervisory board held 583,365 shares (6.42 %). Thomas



M. Stein, chairman of the managing board, held a total of 35,000 shares on 30 June 2008, and Volker Neumüller held 10,000 shares.

An interim dividend was not paid.

Unterführung, August 2007

The managing board



313 Music JWP share

The share of 313 Music JWP AG dropped further during the reporting period. At the end of March already, the share was valued 0.94 Euro, significantly below the final price for 2007 of 1.25 Euro, and it dropped further in the course of the year: On 30 June 2008, the Xetra final price was 0.61 Euro. This corresponds to a shortfall of about 35 % in the second quarter and 51 % since the beginning of the year. The industry index "Prime Media Performance" lost about 21.45 % of its value during the reporting period, the SDax similarly lost about 18 % . The market capitalization of the 9,083,333 traded 313 Music JWP common stock was 5.5 million Euro as per the reporting date.

As per the reporting date, the price fell further and at the end of August reached a new low of 0.49 Euro.

Group balance sheet

Assets	30.06.2008	31.12.2007
Short-term assets		
Liquid funds	496	1,568
Financial funds with restricted use	0	0
Securities of current assets	150	150
Accounts receivable from deliveries and services	838	1,206
Inventory	260	319
Other accounts receivable	4,265	4,490
Sum of short-term assets	6,008	7,733
Long-term assets		
Tangible fixed assets	428	470
Immaterial assets	17,369	17,819
Investments	0	0
Investments in associated companies	0	0
Financial assets	960	960
Deferred taxes	1,034	1,013
Other financial assets	0	0
Sum of long-term assets	19,792	20,262
Assets in activities not to be continued	0	0
Sum of assets	25,800	27,995

Data in T€

Total equity and liabilities	30.06.2008	31.12.2007
Short-term liabilities		
Accounts payable from deliveries and services	849	1,047
Loans and short-term share of long-term loans	0	4
Reserves	1,314	1,358
Liabilities towards relatives	55	457
Other liabilities	1,297	1,895
Tax liability	395	342
Sum of short-term liabilities	3,909	5,103
Long-term liabilities		
Loans	1,837	1,758
Deferred taxes	660	684
Sum of long-term liabilities		2,442
Sum of liabilities	6,407	7,545
Equity capital		
Signed capital	9,083	8,600
Capital reserve	3,236	3,139
Equity capital difference from currency conversion	-272	-226
Balance-sheet profit	1,404	2,984
Equity capital due to group shareholders	13,451	14,497
Minority shares	5,942	5,953
Sum of equity capital	19,393	20,450
Sum of total equity and liabilities	25,800	27,995

Data in T€

Profit and loss account for the group

	01.01.- 30.06.2008	01.01.- 30.06.2007	01.04.- 30.06.2008	01.04.- 30.06.2007
Sales revenue	2,270	2,477	1,461	651
Production cost	-1,193	-1,154	-782	-348
Gross sales result	1,077	1,323	679	303
Cost of sales	-1,454	-1,849	-755	-844
General and administration cost	-1,570	-1,516	-936	-859
Operating result	-1,948	-2,042	-1,033	-1,400
Interest	2	14	12	12
Interest paid	0	-12	-1	0
Investment earnings	0	23	0	0
Depreciation/appreciation on financial assets	0	49	95	-9
Profit/loss on exchange rates	85	0		
Other earnings / cost	227	72	71	231
Result before taxes	-1,635	-1,896	-869	-1,166
Taxes on income and earnings	44	911	25	738
Result before minority shares	-1,591	-985	-844	-428
(of this, from activities not to be continued)		(-118)		(-118)
Minority shares	11	0	43	0
Annual profit/deficit	-1,580	-985	-801	-428

Data in T€

Result per share in €	-0.17	-0.14	-1.17	-0.14
Shares in trade	9,083,333	7,000,000	9,083,333	7,000,000

Group flow of funds statement

	1.1.- 30.06.2008 T €	1.1.- 30.06.2007 T €
Annual deficit according to profit and loss account	-1,580	-985
Minority profit share	-11	0
Depreciation/appreciation for fixed-assets	447	343
Cash flow according to DVFA/SG	-1,144	-642
Result of the outflow of intangible assets	0	0
Result of the outflow of fixed assets	0	0
Change in deferred taxes	-45	-887
Foreign currency result	-85	0
Other expenses/earnings and transactions that are ineffective	650	-67
Payments from the sale of current assets securities	0	31
Increase/decrease of accounts receivable for deliveries and services	368	1,599
Increase/decrease of inventory	59	77
Increase/decrease of other assets	472	1,449
Increase/decrease of accounts payable for deliveries and services	-198	194
Increase/decrease of other equity and liabilities	-1,888	-532
Inflow/outflow of funds from current business	-1,811	1,222
Payments for investments in fixed assets	-1	-37
Payments for investments in intangible assets	0	-308
Payments for investments in financial assets	0	-3
Deposits from the sale of assets	0	0
Deposits from the sale of immaterial assets	0	0
Payments for the purchase of shares in consolidated companies	0	0
Payments for the purchase of shares in associated companies	0	0
Inflow/outflow of funds from investments	-1	-348
Deposits from capital increase	580	0
Deposits from loans and other borrowing	160	1,010
Payments from payback of loans and other borrowing	0	-843
Inflow/outflow of funds from financing	740	167
Effective change of the financial fund	-1,072	1,041
Financial fund at the beginning of the period	1,568	1,158
Change in the financial fund due to consolidated group	0	0
Change in the financial fund due to exchange rates	0	0
Financial fund at the end of the period	496	2,199



Segment reporting

	Labels		Publishing		Group	
	01.01.- 30.06.2008	01.01.- 30.06.2007	01.01.- 30.06.2008	01.01.- 30.06.2007	01.01.- 30.06.2008	01.01.- 30.06.2007
Sales revenue	2,175	2,301	95	176	2,270	2,477
of this USA/Puerto Rico	478	877	0	0	478	877
Result	-1,864	-974	273	-11	-1,591	-985
of this USA/Puerto Rico	-68	-279	0	0	-68	-279
Number of employees	19	19	0	0	19	19
of this USA/Puerto Rico	7	7	0	0	7	7

Data in T€



Data in T€

Change in the group equity capital
313 Music JWP AG
Unterföhring

	Parent company				Equity capital of the parent company	Minority shares		Equity capital of minorities	Group equity capital
	Paid-up equity capital		Generated group equity capital	Other group result		Minority capital	Equity capital difference from currency conversion		
	Subscribed capital	Capital reserve	Balance sheet profit/lo	Equity capital difference from currency conversion					
As per 31 December 2006	7,000	16,159	-3,202	-139	19,818	4,909	7	4,916	24,734
Capital increase	1,600	241			1,841			0	1,841
Change in the consolidated group					0	876		876	876
Group results for the year			-7,210		-7,210	-52		-52	-7,262
Other group results				-87	-87	48	-6	42	-45
Total group results					-7,297			-10	-7,307
Withdrawals from capital reserves		-13,261	13,261		0			0	0
Other changes			135		135	171		171	306
As per 31 December 2007	8,600	3,139	2,984	-226	14,497	5,952	1	5,953	20,450
Capital increase	483	97			580			0	580
Group results for the year			-1,580		-1,580	-11		-11	-1,591
Other group results									
Total group results					-1,580				-1,591
Currency adjustments				-46	-46			0	-46
As per 30 June 2008	9,083	3,236	1,404	-272	13,451	5,941	1	5,942	19,393



Abbreviated appendix on the group intermediate financial statement

1 Group

The parent company, 313 Music JWP AG, produces and publishes music recordings with various artists, purchases recordings of other producers and exploits them. Along with the music production segment, we are active in the area of artist management via our subsidiary, 313 Music GmbH, in which we hold 51 % of the shares. In this manner, we not only participate in the media sales, but in all revenues of an artist. Through the 45 % share in the Manfred Hertlein Veranstaltungen GmbH, we also cover the segment of event management. The publication business, which has been operated since 2001, is to be stepped up further, where the intellectual property of composers and lyricists is managed. For this purpose, new copyrights are continuously established and exploited by the subsidiary Transcontinent Musikverlag OHG. The headquarters of 313 Music JWP AG are located in Unterföhring near Munich.

The foreign subsidiaries include VI Music Holding Inc., Puerto Rico, in which 313 Music JWP AG holds 50 % plus one share. It functions as a holding company for the interest in VI Music LLC, which is also resident in Puerto Rico, and in which we hold 50 %. The object of this company is the production and publication of works of music, in particular in the Americas. The remainder of the shares of VI Music LLC belong to Universal Music Group, which also has the worldwide sales of the associated label VI Music. The remaining share in the American HoT JWP Music Inc., Miami, in which 313 Music JWP AG still held 48.3 % in the reporting period, were sold retroactively as per 01 January 2008.

In addition, 313 Music JWP AG held 100 % each of the shares in ALDACO entertainment GmbH and White Records GmbH, both Unterföhring. The companies were merged as per 1 January 2008 into Seven Days Music GmbH, Unterföhring.

313 Music JWP AG is a stock corporation which is resident in Unterföhring/Germany. In the third quarter of 2007, the headquarters of the company were moved from Berlin to Unterföhring. The address of the registered company headquarters is Münchner Straße 135, 85774 Unterföhring. The company is listed in the Prime Standard of the Frankfurt stock exchange under the security code number 508750. The managing board and supervisory board of the company have issued the compliance declaration with the corporate governance codex in accordance with § 161 AktG and made the declaration permanently accessible to the shareholders on the home page of 313music JWP AG.

The valuation of all assets and debts was performed based on the going concern principle. Assets and debts are listed in the balance sheet as short- or long-term items according to their maturity. Assets and debts are classified short-term if they are realized or due within twelve months after the end of the reporting period. The group profit and loss account is classified according to the cost-of-sales accounting format. This group interim financial statement as per 30.06.2008 was released for publication on 26.08.2008.

2 Basis of the group interim financial report



2.1 Balancing according to IFRS

The present group interim financial statement as per 30.06.2008 is prepared according to the same balancing, valuation and calculation methods as the group financial statement of 313 Music JWP AG as per 31.12.2007. The group interim financial statement has been prepared in accordance with the International Financial Reporting Standards (IFRS), application of which is mandatory in the EU, that are applicable as per the balance sheet date 30.06.2008.

IFRS that have not yet entered into effect and/or their interpretations were not applied prematurely. This interim report complies with the provisions of IAS 34.

2.2 Balancing according to IFRS

All amounts in the interim financial statement – with the exception of the profit per share – are given in thousand Euro (TEuro).

2.3 Consolidation group

The group of the fully consolidated companies comprises, along with 313 Music JWP AG, all subsidiaries where 313 Music JWP AG directly or indirectly has the majority of votes. Compared to 31.12.2007, there were no changes in the consolidation group.

2.4 Main accounting rules

All accounting rules on which the group financial statements as per 31.12.2007 is based, apply to this interim group financial statement.

3 Currency conversion

The annual financial statements of foreign group companies, in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates", are converted directly from the national currency into Euro, as the foreign companies operate their business independently in financial, economic and organizational respects (concept of functional currency). Accordingly, the fixed assets, the other assets and the debts are converted at the average exchange rate as per the balance sheet date (current price). The equity capital is converted at historical exchange rates. The expenses and earnings are converted and average annual exchange rates.

Equity capital subject to initial consolidation within the framework of the acquisition of foreign subsidiaries is converted as per the relevant balance sheet date at the historical exchange rate at the date of acquisition.

The differences from currency conversion are listed separately under equity capital.

As long as the subsidiary is included in the consolidated group, the conversion differences will be carried over in the group equity capital. If companies leave the consolidation group, the conversion differences that can be allocated to this company are closed out with revenue effect.

The US dollar exchange rate used as the basis for the group has developed as follows:

Current price as per 30.06.2008: 1 € = 1.5799 \$

Current price as per 31.12.2007: 1 € = 1.4721 \$

Average price 1.1.-30.6.2008: 1 € = 1.5633 \$



Average price 1.1.-30.6.2007: 1 € = 1.3294 \$

- 4 Use of estimated and changes in estimates
In preparation of the group interim financial statement in compliance with the International Financial Reporting Standards, the management must make estimates and assumption which influence both the amount of balance sheet assets and equity and liabilities, as well as the revenues and expenses given for the business year. The actual results may deviate from these estimates and assumptions. Changes in the estimates compared to estimates used for purposes of preparing the group financial statement as per 31.12.2007 do not result in significant effects.

- 5 Impact of extraordinary facts on the financial, assets and earnings position
During the reporting period, there were no facts that have to be considered extraordinary due to their type, their scope of their frequency, and which might impact the assets, debts, equity capital, period result or cash flows.

- 6 Equity and outside capital financing
During the reporting period, neither emissions nor buy-backs of equity capital occurred.

- 7 Dividends
No interim dividend was paid out as per 30.06.2008.

- 8 Seasonal influences or economic influences on business activities
The business of the group is not subject to major seasonal variations. Economic influences are addressed in the situation report.

- 9 Segment information
The following table lists information on segment revenues and segment results for the segments of 313 Music JWP AG.



	Labels		Publishing		Group	
	30.06.2008 in T€	30.06.2007 in T€	30.06.2008 in T€	30.06.2007 in T€	30.06.2008 in T€	30.06.2007 in T€
Sales revenue	2,175	2,301	95	176	2,477	2,477
of this USA/Puerto Rico	478	877	0	0	877	877
Result	-1,864	-974	273	-11	-1,591	-985
of this USA/Puerto Rico	-68	-279	0	0	-68	-279
Number of employees	19	19	0	0	19	19
of this USA/Puerto Rico	7	7	0	0	7	7

10 Major business with relatives

No major transactions were carried out with related companies and persons during the reporting period.

11 Events after the balance sheet date

The joint venture between Universal Music Group and VI Holding Inc., Puerto Rico, is likely to terminate as per 2008 according to the contract. At present, the companies are in discussions.

Mr. Volker Neumüller resigned from his office as a member of the managing board on 12 August 2008 in order to get actively involved in building up the artist management as the general manager of 313 Music GmbH.

12 Discontinued divisions

There are no changes from the status as per 31.12.2007.

13 Changes in contingency debts or contingency claims

As per the balance sheet date, there were no major changes in the contingency debts or contingency claims compared to the status as per 31.12.2007.

The accounts receivable resulting from the sale of the use rights in the music catalog, in the amount of 285 TEuro, will be paid to the company in the 3rd quarter of the 2008 business year as agreed.

This group interim financial report was not subject to an audit.



Assurance of the legal representatives

We declare to the best of our knowledge that, according to the accounting rules to be applied for intermediate reporting, the group interim financial statement reflects the actual conditions of the assets, financial and revenue position of the group, and that the group interim report represents the business including the operating result, and the position of the group is described in such a way that a picture corresponding to the actual conditions is communicated, and that the major chances and risks of the likely development of the group in the remainder of the business year are described.

Unterföhring, 26 August 2008
313music JWP AG

The managing board



Financial calendar 2008

<i>General meeting:</i>	27 August 2008, 14.00 o'clock Lenbach, Munich
<i>Analyst presentation:</i>	11 November 2008 Deutsches Eigenkapitalforum, Frankfurt/Main
<i>Quarterly report as per 30.9.2008:</i>	30 November 2008

Contact

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