



Interim report of 313 Music JWP AG

01.01.2008 until 30.09.2008



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Group ratios

Data according to IFRS		30.09.2008	30.09.2007
Turnover	TEuro	3.197	4.555
Production cost	TEuro	-1.609	-1.939
Gross sales result	TEuro	1.588	2.616
Gross margin	%	49,7	57,4
EBITDA	TEuro	-2.177	-2.308
EBIT (operating result)	TEuro	-2.836	-3.129
Result after taxes	TEuro	-2.755	-2.153
Net rate of return	%	-	-
Net result per share*	Euro	-0,30	-0,31
Cash flow according to DVFA/SG	TEuro	-2.123	-1.332
Employees as per reporting date		18	21

* Basis: 9.083.333 shares (30.09.2008) / 7.000.000 shares (30.09.2007)

		30.09.2008	31.12.2007
Balance sheet total	TEuro	24.826	27.995
Equity capital	TEuro	18.207	20.450
Equity ratio	%	73,3	73,1

The quarterly balance sheet of the group as per 30 September 2008, as well as the appropriate figures for the previous year, were prepared as required by the International Financial Reporting Standards (IFRS). 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.

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.

Following the retirement of Thomas M. Stein on 31 August 2008, Klaus Munzert was appointed acting CEO on 11 September 2008.



The Management Board's work is continuously monitored by the Supervisory Board. As of 30 September 2008 this body comprised: Jürgen Uhlemann as Supervisory Board Chairman, Dr. Thomas Griebe as Deputy Supervisory Board Chairman and Karl-Heinz Klemppow.

Macroeconomic environment

In autumn 2008 the global economy was in the throes of a downswing. The greatest negative factors for the global economy are the housing market crisis, which is now spreading from the USA to European countries, the inflationary increase in commodity price and the resulting crisis on the worldwide financial markets. The economic indicator developed by the Munich-based ifo Institute to gauge changes in the global economic climate deteriorated once again in the third quarter of 2008 on the back of this development and the pessimistic expectations for the next six months. Any recovery in the global economy will mainly depend on stabilization in the banking sector.

The German economy has also been hit by the weak international economy and stood on the brink of a recession in the autumn of this year. The economic indicators at the end of the third quarter of 2008 pointed to a deterioration in practically all economic sectors. According to the Institute for the World Economy (ifw), the gross domestic product in the second half of the year will decline at an annualized rate of 0.7%.

Sector developments

The music sector remains confronted by a critical situation. After the first quarter, market researchers reported a 9.4 percent drop in unit sales and an 8.1 percent drop in sales revenue in the physical recorded music market. In all probability, this development will continue until the end of 2008.

Download business, on the other hand, is developing positively. From the beginning of January until the end of March, unit sales figures for all digital products grew 38.1 percent, the number of single tracks downloaded by 36.1 percent and bundles by 63.3 percent. This positive trend is expected to continue in 2008 as a whole.



Development of earnings

Group sales

Despite the realignment of 313music JWP AG and various chart successes enjoyed by its artistes, the revenue development remained well below expectations until the end of September. Group sales revenue fell year on year from EUR 4,555 thousand to approx. EUR 3,197 thousand.

2008 saw a continuation in the negative trend in the market for physical recorded music which 313music JWP AG was unable to escape. Furthermore, the Company had to cope with a high volume of returns. As a consequence, the parent company saw sales revenue drop approx. EUR 600,000 to EUR 1,996 thousand in the 2008 period under report, compared with the prior year's EUR 2,552 thousand. Likewise, the subsidiaries in Puerto Rico, VI Music Holding Inc. and VI Music LLC, fell far short of their revenue targets and generated only EUR 684 thousand (prior year: EUR 1,574 thousand). Amongst other things, the planned album by **Don Omar**, one of the most popular reggaeton artistes in Latin America, was postponed to 2009. Publishing specialist Transcontinent Musikverlag OHG, Unterföhring, posted a business volume of EUR 146 thousand (prior year: EUR 226 thousand) from January until the end of September. 313 Music GmbH developed positively with sales revenue of EUR 371 thousand (prior year: EUR 202 thousand) from management activities.

Consolidated earnings

The significant drop in group sales revenue dragged earnings down in the period under report. On a nine-month comparison, the gross profit on sales fell from EUR 2,616 thousand to EUR 1,588 thousand; production costs were also lower at EUR 1,609 thousand compared with EUR 1,939 thousand in the prior year. The gross sales margin fell from approx. 57% to 50%.

Sales costs were reduced from EUR 3,269 thousand to EUR 2,258 thousand. General and administrative costs fell from EUR 2,476 thousand to EUR 2,166 thousand year on year. Earnings before interest, tax, depreciation and amortization (EBITDA) were EUR -2,177 thousand (prior year: EUR -2,308 thousand). In the first nine months, EBIT amounted to EUR -2,836 thousand after EUR -3,129 thousand in the corresponding prior-year period. Group pre-tax earnings were EUR -2,833 thousand (prior year: EUR -1,783 thousand). On balance, the annual net deficit in the first nine months stood at EUR 2,755 thousand (prior



year: 2,153 thousand). The earnings of EUR -2,153 thousand reported in the prior year contained revenue of EUR 1.6 million from selling use rights for the catalogue of the Transcontinent Musikverlag OHG subsidiary, so that the 2007 loss was approx. EUR 3.8 million on a like-for-like basis with 2008. The net earnings per share is EUR -0.30 compared with EUR -0.31 in the prior year.

Development in profits broken down by segments

In the period under report, the Labels segment generated net earnings of EUR -3,078 thousand compared with EUR -3,575 thousand in the corresponding 2007 period. The Publishing segment produced earnings of EUR 323 thousand, compared with the prior year's earnings of EUR 1,422 thousand. This resulted from selling the use rights to the Transcontinent Musikverlag OHG catalogue.

Net assets and financial position

Cash flow statement

The DVFA/SG cash flow amounted to EUR -2,123 thousand (prior year: EUR -1,332 thousand).

The cash used for investment activities in the period under report amounted to EUR 1,000, whilst EUR 1,595 thousand cash was received in the same period. To date, financing activities raised EUR 930 thousand (prior year: EUR -165 thousand), comprising EUR 540 thousand in funds from the capital increase and new loans of altogether EUR 390 thousand.

On balance, the group's financial funds at the end of September 2008 amounted to EUR 535 thousand compared with EUR 1,568 thousand at the end of 2007.

Balance sheet analysis

313 Music JWP AG total assets fell from EUR 27,995 thousand at the end of 2007 to EUR 24,826 thousand. On the asset side, long-term assets fell from EUR 20,262 thousand on 31 December 2007



to EUR 19,687 thousand. This results mainly from a drop in intangible assets from EUR 17,819 thousand to EUR 17,232 thousand, whilst deferred taxes rose slightly from EUR 1,013 thousand to EUR 1,046 thousand. Current assets fell from EUR 7,733 thousand to EUR 5,138 thousand. This was mainly due to a reduction in trade accounts receivable from EUR 1,206 thousand to EUR 528 thousand and in other receivables. These fell from EUR 4,490 thousand to EUR 3,595 thousand. Liquid funds declined from EUR 1,568 thousand to EUR 535 thousand.

The group's equity capital as of 30 September 2008 amounted to EUR 18,207 thousand compared with EUR 20,450 thousand at the end of 2007. This results in an equity ratio of approx. 73.3% (31 December 2007: 73.1%). The equity capital per share was approx. EUR 2.00 (31 December 2007: EUR 2.38) (basis: 9 million and 8.6 million shares respectively).

There was a slight increase in long-term liabilities, which stood at EUR 2,530 thousand (31 December 2007: EUR 2,442 thousand). On balance, current liabilities amounted to EUR 4,089 thousand (31 December 2007: EUR 5,103 thousand). Trade accounts payable rose from EUR 1,047 thousand to EUR 1,112 thousand. Liabilities to related persons fell from EUR 457 thousand to EUR 52 thousand and other liabilities also fell from EUR 1,895 thousand to EUR 1,642 thousand. Current provisions amounted to EUR 908 thousand (31 December 2007: EUR 1,358 thousand).

Employees

The group had 18 employees, down from 21 at 30 September 2007.

Opportunities and risks

Attention is drawn to the group management report as of 31 December 2007 (Annual Report p. 25 ff) for a description of the opportunities and risks. There have been no significant changes from the contents of that report.



Supplementary report

The cooperation with Sony BMG was expanded under an agreement signed at the end of October: During the next three years Sony BMG will have exclusive exploitation rights for the 313music JWP AG back catalogue. The rights to the back catalogue will remain as an asset in 313music JWP AG. This year, the Company will receive a 7-digit euro amount for these exploitation rights. It was agreed to keep the precise license price paid by Sony BMG confidential.

It was also agreed that the current and the coming Hansi Hinterseer productions will be exploited by Sony BMG under a tape lease agreement. This also covers the "Für Immer" CD production released in August 2008. The resulting adjustments to sales revenue and costs that were still posted at 313music JWP AG in the period under report shall be made in the fourth quarter. This adjustment will not impact the income statement.

The joint venture between Universal Music Group and VI Holding Inc., Puerto Rico is expected to end in 2008 as contractually agreed. The procedure for winding up the joint venture has also been contractually agreed. The companies are currently in negotiations. From today's perspective, it cannot be ruled out that write-downs may have to be made to our capitalized Puerto Rican investment.

Outlook

Economic environment

The German economy experienced slight negative growth in the second quarter of 2008 for the first time in some four years. After calendar and seasonal adjustments, gross domestic product (BIP) fell 0.5% on the prior quarter in real terms. The perspective for a positive development has unfortunately been rendered less likely because of the crisis on the financial markets.

313 Music JWP AG business developments

313music JWP AG is currently in a consolidation phase in which the existing risks are being tackled and cost structures optimized. Our primary strategic goal is to use ever larger parts of the marketing chain in the music industry and thus achieve more independence from pure recorded music sales. In the long



term, this will lead to more robust earnings and planning. Furthermore, we will be focusing more strongly on the fast-growing online segment as a response to the changes in the sector.

The third quarter saw the release of products such as Alexa Phazer's debut album "Ich gegen mich", the single "Frei mit Dir" from the German rock-pop group "Die Resonanz" and the "Sehnsucht" album by piano duo Kristina and Martina Bauer. The two sisters play works for two pianos by Johannes Brahms and are supported by actress Veronica Ferres, who speaks the introduction.

In the fourth quarter we have already released Mike Krüger's new album. The popular entertainer was back in the studio after a 10-year break and recorded the CD "Zweiohrnase" before an enthusiastic audience in Hamburg. Full of Mike Krüger's typical humour, it includes cover versions of songs like "Tür an Tür mit Alice", "Ein Stern, der deinen Namen trägt" and a medley of Xavier Naidoo songs. The album release will be accompanied by numerous TV appearances, such as "Willkommen bei Carmen Nebel", "Johannes B. Kerner", "SAT1 HIT Giganten", "TV Total" with Stefan Raab to name but a few. Early next year Mike Krüger will be taking his Zweiohrnase program on tour: Between 26 February and 29 March 2009 he will be playing in over 20 German venues.

A further highlight in the current quarter is Hansi Hinterseer's Christmas DVD "Tiroler Weihnachtszauber". The moving, folksy winter and Christmas songs on the DVD spirit the viewer to the snow-clad mountain world in the Tyrol. A bonus on the DVD is a selection of the best pictures of the fan walking tour and the great Hansi Hinterseer Kitzbühel Open Air 2008.

Furthermore, we released a number of products from our back catalogue at the end of October, including the first cut from a new Lounge Series: "Asia Chill Out Lounge" which enchants the listener with its laid-back and fascinating Asian grooves. Other products in this series are "Winter Chill Out Lounge", "Flamenco Chill Out Lounge" and "Vocal Chill Out Lounge".

Planned for the coming weeks are a CD by Comedy Star Matze Knop, alias SupaRachie, and the first Ralf Schmitz album to the children's series "Shaun der Schaf" entitled "Disco in der Scheune".

In our artiste management services, we now have under contract Kathrin Wunder, who was voted "Best Voice of 2008" in the KI.KA LIVE Song Contest. Her first single was released on 24 October. In



addition, October will see the new album "Dumm aber Schlau" from Das Bo and the new Single "Amazed" by Fady Maalouf, who came second in last the series of "Deutschland sucht den Superstar".

In the next airing of this RTL casting show, Volker Neumüller, the CEO of our Berlin subsidiary 313 Music GmbH, will be on the jury as music pro. Together with MTV anchor Nina Eichinger and Dieter Bohlen, he will be deciding who will be the new superstar. We will also be taking the winner of the sixth series, which starts in January 2009, under contract and provide the artiste management services for him or her.

In 2008 as a whole, we no longer expect to be able to meet our previous outlook despite the first tentative progress we are seeing in our operative business. Contrary to previous forecasts, we anticipate reduced group sales revenue and an improvement in negative earnings (EBITDA) compared with the prior year's figures.



Shareholder structure - Directors' Holdings

As per the reporting date 30 September 2008, 6,099,968 or 67.11 % 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 750,000 shares (8.3 %), and Jürgen Uhlemann as the chairman of the supervisory board held 583,365 shares (6.42 %). Klaus Munzert, chairman of the managing board, held a total of 10,000 shares on 30 September 2008.

An interim dividend was not paid.

Unterföhring, November 2008

The Management Board



The 313 Music JWP share

The share of 313 Music JWP AG dropped further during the reporting period.

At the end of March and at the end of June already, the share was valued 0.94 Euro and respectively 0.61 Euro, significantly below the final price for 2007 of 1.25 Euro, and it dropped further in the course of the year: On 30 September 2008, the Xetra final price was 0.36 Euro. This corresponds to a shortfall of about 51 % in the third quarter and 69 % since the beginning of the year.

The industry index "Prime Media Performance" lost about 19 % of its value during the reporting period, the SDax similarly lost about 20 %. The market capitalization of the 9,083,333 traded 313 Music JWP common stock was 3.27 million Euro as per the reporting date.

As per the reporting date, the price fell further and at the end of October reached a new low of 0.27 Euro.



Balance sheet

Assets	30.09.2008	31.12.2007
Short – term assets		
Liquid funds	535	1,568
Financial funds with restricted use	0	0
Securities of current assets	150	150
Accounts receivable from deliveries and services	528	1.206
Inventory	331	319
Other accounts receivable	3,595	4,490
Sum of short-term assets	5,139	7,733
Long-term assets		
Tangible fixed assets	412	470
Immaterial assets	17,232	17,819
Investments	0	0
Investments in associated companies	996	0
Financial assets	0	960
Deferred taxes	1,047	1,013
Other financial assets	0	0
Sum of long-term assets	19,687	20,262
Assets in activities not to be continued	0	0
Sum of assets	24,826	27,995

Data in T€

Equity and liabilities	30.09.2008	31.12.2007
Short-term liabilities		
Accounts payable from deliveries and services	1,112	1,047
Loans and short-term share of long-term loans	0	4
Reserves	908	1,358
Liabilities towards relatives	52	457
Other liabilities	1,642	1,895
Tax liability	375	342
Sum of short-term liabilities	4,089	5,103
Long-term liabilities		
Loans	1,876	1,758
Deferred taxes	654	684
Sum of long-term liabilities	2,530	2,442
Sum of liabilities	6,619	7,545
Equity capital		
Signed capital	9,083	8,600
Capital reserve	3,196	3,139
Equity capital difference from currency conversion	-228	-226
Balance-sheet profit	229	2,984
Equity capital due to group shareholders	12,280	14,497
Minority shares	5,927	5,953
Sum of equity capital	18,207	20,450
Sum of total equity and liabilities	24,826	27,995

Data in T€

Profit and loss account for the group

	01.01.- 30.09.2008	01.01.- 30.09.2007	01.07.- 30.09.2008	01.07.- 30.09.2007
Sales revenue	3,197	4,555	927	2,078
Production cost	-1.609	-1.939	-416	-785
Gross sales result	1,588	2,616	511	1,293
Cost of sales	-2.258	-3.269	-804	-1.420
General and administration cost	-2.166	-2.476	-596	-960
Operating result	-2,836	-3,129	-888	-1,087
Interest	14	8	12	6
Interest paid	0	0	0	0
Investment earnings	36	22	36	-1
Depreciation/appreciation on financial assets	0	0	0	0
Other financial assets	0	-250	0	-300
Profit/loss on exchange rates	41	0	-43	0
Other earnings / cost	-88	1.566	-315	1.494
Result before taxes	-2,833	-1,783	-1,198	112
Taxes on income and earnings	51	-370	8	-1,281
Result before minority shares	-2,782	-2,153	-1,191	-1,169
(of this, from activities not to be continued))		(1422)		(1610)
Minority shares	27	0	16	0
Annual profit/deficit	-2,755	-2,153	-1,175	-1,169

Data in T€

Result per share in €	-0.30	-0.31	-0.13	-0.17
Shares in trade	9,083,333	7,000,000	9,083,333	7,000,000

Group flow of funds statement

	1.1.- 30.09.2008 T €	1.1.- 30.09.2007 T €
Annual deficit according to profit and loss account	-2,755	-2,153
Minority profit share	-27	0
Depreciation/appreciation for fixed-assets	659	821
Cash-Flow according to DVFA/SG	-2,123	-1,332
Result of the outflow of intangible assets	0	-1,599
Result of the outflow of fixed assets	0	0
Change in deferred taxes	-63	0
Foreign currency result	-36	0
Other expenses/earnings and transactions that are ineffective	-751	423
Payments from the sale of current assets securities	0	0
Increase/decrease of accounts receivable for deliveries and services	676	2,322
Increase/decrease of inventory	-12	-32
Increase/decrease of other assets	1,180	203
Increase/decrease of accounts payable for deliveries and services	65	1,071
Increase/decrease of other equity and liabilities	-898	-1,806
Inflow/outflow of funds from current business	-1,962	-750
Change of securities of current assets	0	294
Payments for investments in tangible fixed assets	-1	-65
Payments for investments in intangible assets	0	-431
Payments for investments in financial assets	0	0
Deposits from the sale of assets	0	0
Deposits from the sale of immaterial assets	0	2,325
Payments for the purchase of shares in consolidated companies	0	-528
Payments for the purchase of shares in associated companies	0	0
Inflow/outflow of funds from investments	-1	1,595
Deposits from capital increase	540	0
Deposits from loans and other borrowing	390	1,188
Payments from payback of loans and other borrowing	0	-1,353
Inflow/outflow of funds from financing	930	-165
Effective change of the financial fund	-1,033	680
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	535	1,838



Segment reporting

	Labels		Publishing		Group	
	01.01.- 30.09.2008	01.01.- 30.09.2007	01.01.- 30.09.2008	01.01.- 30.09.2007	01.01.- 30.09.2008	01.01.- 30.09.2007
Sales revenue						
of this USA/Puerto Rico	3,051 684	4,329 1,574	146 0	226 0	3,197 684	4,555 1,574
Result						
of this USA/Puerto Rico	-3,078 -189	-3,575 -389	323 0	1,422 0	-2,755 -189	-2,153 -389
Number of employees						
of this USA/Puerto Rico	18 7	21 7	0 0	0 0	18 7	21 7

Data in T€



Data in T€

Change in the group equity
313 Music JWP AG
Unterföhring

	Parent company				Equity of the parent company	Minority shares		Equity of minorities	Group equity
	Paid-up equity		Generated group equity	Other group result		Minority capital	Equity difference from currency conversion		
	Subscribed capital	Capital reserve	Balance sheet profit/lo	Equity 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	57			540			0	540
Group results for the year			-2.755		-2.755	-27		-27	-2.782
Other group results									
Total group results					-2.755				-2.782
Currency adjustments				-2	-2			0	-2
As per 30 September 2008	9.083	3.196	229	-228	12.280	5.925	1	5.926	18.206



Abbreviated Explanatory Notes

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 belongs 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. 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 September 2008 was released for publication on 21 November 2008.



2 Basis of the group interim financial report

2.1 Balancing according to IFRS

The present group interim financial statement as per 30.09.2008 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 30.09.2008.

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 30.09.2008: 1 € = 1,4303 \$

Current price as per 31.12.2007: 1 € = 1,4721 \$

- 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 30.09.2008.
- 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	
	01.01.- 30.09.2008	01.01.- 30.09.2007	01.01.- 30.09.2008	01.01.- 30.09.2007	01.01.- 30.09.2008	01.01.- 30.09.2007
Sales revenue	3,051	4,329	146	226	3,197	4,555
of this USA/Puerto Rico	684	1,574	0	0	684	1.574
Result	-3,078	-3,575	323	1,422	-2,755	-2,153
of this USA/Puerto Rico	-189	-389	0	0	-189	-389
Number of employees	18	21	0	0	18	21
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 cooperation with Sony BMG was expanded under an agreement signed at the end of October: During the next three years Sony BMG will have exclusive exploitation rights for the 313music JWP AG back catalogue. The rights to the back catalogue will remain as an asset in 313music JWP AG. This year, the Company will receive a 7-digit euro amount for these exploitation rights. It was agreed to keep the precise license price paid by Sony BMG confidential.

It was also agreed that the current and the coming Hansi Hinterseer productions will be exploited by Sony BMG under a tape lease agreement. This also covers the "Für Immer" CD production released in August 2008. The resulting adjustments to sales revenue and costs that were still posted at 313music JWP AG in the period under report shall be made in the fourth quarter. This adjustment will not impact the income statement.

The joint venture between Universal Music Group and VI Holding Inc., Puerto Rico is expected to end in 2008 as contractually agreed. The procedure for winding up the joint venture has also been contractually agreed. The companies are currently in negotiations. From today's perspective, it cannot be ruled out that write-downs may have to be made to our capitalized Puerto Rican investment.

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.

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



Declaration by the statutory representatives

We declare to the best of our knowledge that in compliance with the accounting regulations to be applied for interim reporting the consolidated interim report gives a fair presentation of the net assets, financial position and results of operations of the Group and that the interim management report describes the course of business including the business results and the Group's situation in such a manner that it gives a fair presentation and description of the key opportunities and risks in the Group's expected development during the remainder of the business year.

Unterföhring, 21. November 2008
313music JWP AG

The Management Board



Contact

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