



**Q2**  
**08**

**HALF-YEAR REPORT 2008**  
January 1, 2008 to June 30, 2008

## KEY FIGURES

### Key figures Q2 and H1 (SBS consolidated as of July 2007)

in Eur m	Q2		H1	
	2008	2007	2008	2007
Group revenues	801.9	551.6	1,530.9	1,052.8
Recurring EBITDA *	203.7	159.1	292.2	241.2
EBITDA	189.3	158.8	274.1	240.8
EBIT	151.6	148.6	201.5	220.4
Net financial loss	-64.3	-5.0	-122.8	-9.3
Pre-tax profit	88.1	143.6	79.5	211.1
Consolidated net profit	59.5	87.2	51.6	127.8
Underlying net income **	73.6	88.2	79.6	129.9
Earnings per preferred share (EUR)	0.28	0.40	0.25	0.59
Adjusted earnings per preferred share (EUR)	0.35	0.41	0.38	0.60
	2008	2007	2008	2007
Cash flow from operating activities	379.4	337.7	634.5	630.7
Cash flow from investing activities	-386.2	-219.9	-714.4	-480.3
Free cash flow	-6.7	117.8	-79.9	150.3
	6/30/2008	6/30/2007	6/30/2008	6/30/2007
Employees ***	5,971	3,062	5,915	3,062

### Pro forma key figures H1 (SBS consolidation as of January 2007)

in Eur m	H1	
	2008	2007
Group revenues	1,530.9	1,579.6
Recurring EBITDA *	292.2	362.4
EBITDA	274.1	346.8

\* Recurring EBITDA: EBITDA before non-recurring items.

\*\* Underlying net income: Consolidated net profit before effects of purchase price allocation.

\*\*\* Average full-time equivalent jobs.

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### Q2 MILESTONES



**Largest package of live soccer matches on German free TV:** ProSiebenSat.1 Group acquires broadcasting rights for Champions League and UEFA Cup from 2009 onward.

**Cornerstone laid for Group's digital infrastructure:** IBM and ProSiebenSat.1 sign IT outsourcing agreement.

**Majority interest in lokalisten.de Web platform:** ProSiebenSat.1 acquires additional stake in one of Germany's leading social networks.



**Stronger presence in the digital world:** ProSiebenSat.1 Group acquires Fem.com women's portal.



**In-house production company established:** Red Seven Entertainment will produce light entertainment programming for the entire TV group.

**ProSiebenSat.1 sells Scandinavian pay TV unit C More:** Purchase agreement signed in June.

**New CFO at ProSiebenSat.1 Media AG:** Axel Salzmann succeeds Lothar Lanz.



**New management segment German Free TV in the Executive Board:**



Andreas Bartl joins Executive Board of ProSiebenSat.1 Media AG

## LETTER FROM THE CEO



Guillaume de Posch  
CEO

Ladies and gentlemen, dear shareholders,

in the second quarter, revenues of the ProSiebenSat.1 Group rose by 45 percent, while recurring EBITDA was up 28 percent, compared to last year's equivalent figures. This was mainly due to the first-time consolidation of SBS. The international Free TV business again showed solid growth. However, on a pro forma basis for the combined Group, both revenues and recurring EBITDA declined.

As we indicated in April 2008, the ProSiebenSat.1 Group's business performance in the second quarter of 2008 was again affected by the German free TV business. The reasons are clear: A lack of acceptance of the new advertising sales model led to weakened revenues in the German TV business and, as anticipated, the European Soccer Championship in Austria and Switzerland in June reduced ad bookings.

We have acted quickly to return to competitiveness in the German TV advertising market, and to enhance profitability in our core business.

- We revised the ad sales model for the German market in May, and reorganized our sales organization. We now have agreements with all major media agencies in Germany, and we are confident to regain market share in the second half. However, any long-term forecast for the TV advertising market must be tentative. We would like to emphasise that our profit target depends on conditions which are more than usually uncertain. This is partly due to low visibility in the advertising market, and partly to the overall economic development of the countries in which we operate.
- We introduced an efficiency enhancement program to cut costs in 2008. We will achieve our efficiency targets here in the second half, and generate significant savings, without jeopardizing our long-term growth objectives.

Above all, we have kept our eye on our long-term operational and strategic goals:

- We concentrate on our core competence. By investing in top-quality programming and expanding our portfolio with new stations such as FEM, Puls 4 and Kanal 9, we are expanding our core business and strengthening our position with audiences. Despite the European Soccer Championship, our family of German stations maintained its audience share at high 28.9 percent for the first half of 2008. Sat.1, in particular, is now stable at around 11 percent. In June we acquired the rights to the largest

European package of live soccer matches on German free TV. Sat.1 will be carrying, live and exclusively, top Champions League and UEFA Cup matches starting in 2009. In May we founded a new production company, Red Seven Entertainment, which will produce light entertainment programming for our European TV group.

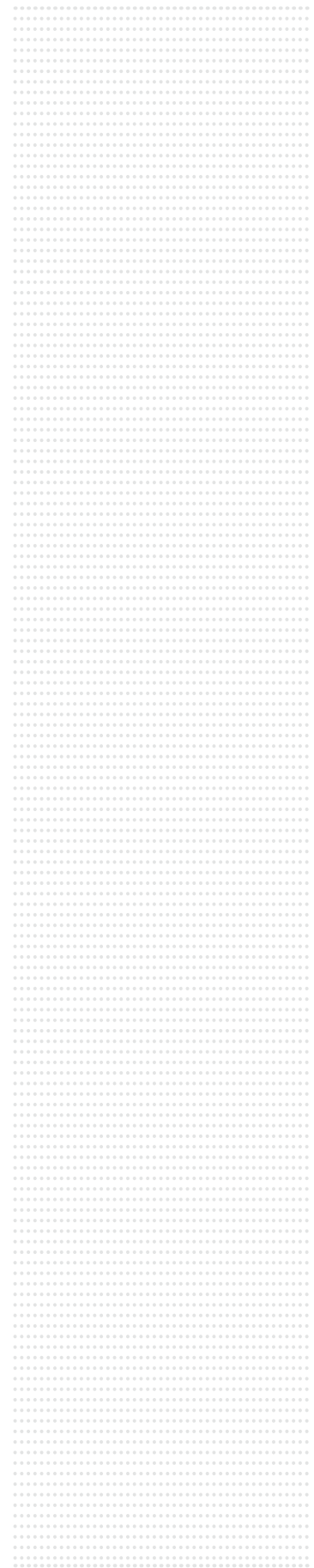
- We are investing in further growth, especially in online operations. With more than 18 million unique users, we are now the second-largest online marketer in Germany. We reinforced our strong competitive position in the online segment in April 2008 by acquiring the Fem.com Web portal.
- We continue to invest in digital technology. Together with IBM, we are building a fully digital platform for our group of stations, which will make it possible for the first time to exploit TV content via all transmission channels, across Europe.
- Finally, we are streamlining our portfolio and shedding non-core activities. The proceeds from the sale of Scandinavian pay TV provider C More will be used primarily to reduce the Group's financial debt.

This is how we intend to lay the foundation for a sustainably successful future. We have enough financial headroom for our Group's further strategic and operational development. As the only fully integrated European media group, we can make efficient use of our creative potential in programming across national boundaries and realize economies of scale in many areas.

It is our goal to make ProSiebenSat.1 Europe's leading media group.



**Guillaume de Posch**  
CEO



## CONSOLIDATED INTERIM MANAGEMENT REPORT

### MILESTONES OF THE FIRST HALF OF 2008: Growing by concentrating on core competencies

<b>Competitiveness</b>	<p><b>Advertising sales model</b> in Germany revised</p> <p><b>Programming quality</b> improved substantially with film deals and sports license acquisition; new production subsidiary RedSeven Entertainment founded</p> <p>First <b>fully digital platform</b> established for the entire Group</p> <ul style="list-style-type: none"> <li>• April 2008: Cooperation agreement reached with IBM</li> <li>• June 2008: Start of construction of new playout center in Munich</li> <li>• N24 Plus: Changeover to multi-media platform</li> </ul> <p><b>Portfolio rationalization:</b></p> <ul style="list-style-type: none"> <li>• EUR 320 million contract to sell C More's premium pay TV operations signed in June, closing expected in second half</li> <li>• <b>Online presence</b> expanded through acquisitions (Fem.com, lokalisten.de)</li> </ul>
<b>Integration of ProSiebenSat.1 and SBS</b>	<ul style="list-style-type: none"> <li>• Realization of identified synergies on schedule</li> <li>• Additional steps taken to <b>centralize processes</b>, including concentration on two playout centers in Munich and London</li> </ul>
<b>Profitability</b>	<p>Group-wide efficiency enhancement program adopted</p> <ul style="list-style-type: none"> <li>• Non-recurring expenses pull down results for Q2, but cost-cutting steps have been introduced</li> <li>• <b>Substantial cost savings</b> in second half of 2008, recurring EBITDA margin on solid level in H2 2008</li> </ul> <p><b>Outsourcing agreement with IBM:</b></p> <ul style="list-style-type: none"> <li>• ProSiebenSat.1 Produktion's IT processes transferred to IBM</li> <li>• Efficiency enhanced by standardizing processes</li> </ul>
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>• Expected proceeds from sale of non-core activities to be used primarily to reduce Group's debt</li> </ul>

## The Group and Its Environment

### Major changes in the portfolio and in reporting principles

#### • ProSiebenSat.1 and IBM establish first European digital platform

In April 2008, ProSiebenSat.1 Media AG and IBM Deutschland GmbH, Stuttgart, Germany, signed a ten-year outsourcing agreement for more than EUR 200 million. IBM will operate all IT business applications, and the IT and media systems at ProSiebenSat.1 Produktion. This agreement will enable the group to achieve its strategic goal to modernize the European Group's technical infrastructure. In the next few years, the Group will be able to broadcast all its TV channels throughout Europe from two central playout centers in Munich and London. ProSiebenSat.1 Produktion began setting up its digital playout center in Munich this June. The Group expects the cooperative arrangement with IBM and the efficiency gained from a fully digital platform to save about EUR 50 million over the next ten years.

 **Portfolio changes**

 **Notes**

The originally planned sale of ProSiebenSat.1 Produktion will not now proceed, and therefore this quarterly report no longer shows ProSiebenSat.1 Produktion as discontinued operations.

#### • Sale of pay TV operations in Northern Europe (C More)

On June 16, 2008, the ProSiebenSat.1 Group signed a contract to sell C More Group AB to the Swedish company TV4 Group. The transaction is subject to approval by the

antitrust authorities. C More Group AB, headquartered in Stockholm, Sweden, runs the ProSiebenSat.1 Group's premium pay TV operations in Northern Europe. The enterprise value on which the transaction is based comes to about EUR 320 million.

In accordance with IFRS 5, C More is classified as a group of assets and liabilities held for sale in the ProSiebenSat.1 consolidated financial statements as of June 30, 2008.

- **Sale of BTI**

As part of its concentration on core activities, the ProSiebenSat.1 Group will sell Broadcast Text International (BTI), Stockholm, Sweden. BTI was acquired as part of SBS, and offers subtitling in 40 languages. The share purchase agreement for BTI was signed after the end of the reporting period, on July 17, 2008. The sale is expected to close in the next months.

In accordance with IFRS 5, BTI is classified as a group of assets and liabilities held for sale in the ProSiebenSat.1 consolidated financial statements as of June 30, 2008.

- **ProSiebenSat.1 Group acquires Fem.com women's portal**

In April 2008, the Group expanded its Diversification unit further, and acquired Feeem Media GmbH, Munich, Germany. Feeem operates the Fem.com women's portal. This expands ProSiebenSat.1 Networld with a service for a female target audience. The subsidiary was first consolidated as of April 2008 in the Diversification segment.

- **lokalisten.de now wholly owned**

In May 2008, the ProSiebenSat.1 Group increased its interest in lokalisten Media GmbH, Munich, Germany, from 30 percent to 90 percent. This company operates the lokalisten.de Internet platform, one of Germany's leading social networks. Lokalisten Media GmbH has been fully consolidated since May 2008, and is included in the Diversification segment.

- **ProSiebenSat.1 signs joint venture for maxdome**


In June 2008, ProSiebenSat.1 Media AG and 1&1 Internet AG signed a 50/50 joint venture for maxdome. 1&1 Internet AG is part of United Internet Group, Montabaur, Germany. With 15,000 titles, maxdome is the most successful and largest video-on-demand portal in Germany. maxdome is consolidated in the Diversification segment.

## Changes in the Executive Board

Axel Salzmann joined the Executive Board as of May 1, and became the Group's new Chief Financial Officer as of June 11. He succeeds Lothar Lanz, and will be in charge of Group Controlling, Finance and Investor Relations, Legal Affairs, Regulatory Affairs, and Administration. Guillaume de Posch, CEO of ProSiebenSat.1 Media AG, will be leaving the Company at his own request by December 31, 2008. Andreas Bartl, who has been Managing Director of ProSiebenSat.1 subsidiary German Free TV Holding GmbH since May, joined the Executive Board of ProSiebenSat.1 Media AG on June 17. He will be in charge of German Free TV. Klaus-Peter Schulz will be appointed a Board member in charge of Sales & Marketing on September 1, succeeding Peter Christmann, who resigned from the Executive Board at the end of June.

## Economic and industry environment

### Overall economic environment

Prospects for the world economy clouded further in the second quarter. The world economic sentiment index from the ifo Institute declined to its lowest level in more than six years .

 Outlook

Despite ongoing uncertainties in the financial markets and a sharp rise in commodity prices, the economy in the **European Union** and the **Euro Zone** was robust at the beginning of 2008. However, because of pressures from the world economy, this uptrend will not continue in the second quarter. The ifo Institute expects real gross domestic product in the Euro Zone to stagnate (0.0 percent vs Q1 2008). Both domestic demand and the contribution from foreign trade might slow down.

Germany's gross domestic product grew by 1.5 percent in the first three months of 2008, and thus achieved its highest quarter-on-quarter gain in about twelve years. However, it is believed the increase was boosted by exceptional effects like conditions in the construction industry and changes in depreciation rules, and that adverse factors will ultimately gain the upper hand in the second quarter. Major economic indicators, such as new orders and industrial production, were down against the previous months in April and May. Exports too were ultimately significantly weaker. The declining economic picture is also reflected in business and consumer sentiment. Both the Ifo business index and the GfK consumer index were down significantly in June 2008. Consumers were especially troubled by the sharp rise of inflation. Given the current data, most experts expect that growth in the second quarter of 2008 will be significantly weaker, and that the performance of the German economy may even have declined. The Handelsblatt-Barclay's indicator projects a real change of -0.6 percent against the previous quarter, but the DIW economic barometer projects a more optimistic +0.2 percent.

### The Industry Environment

The level of ad investments on TV in the ProSiebenSat.1 Group's markets in Northern, Eastern and Central Europe varied in the second quarter of 2008, but the overall picture was very positive. Figures ranged from a decline in Denmark (-2.1% net), through growth in Sweden (+3.4% net), Belgium (+4.2% gross), the Netherlands and Finland (each +4.3% net), all the way to still-explosive growth markets in Hungary (+9.7% gross) and Romania (+22.1% net). The TV advertising market in Norway was also very dynamic, growing +8.7 percent net.

Gross TV advertising investments in Germany in the second quarter of 2008 were up 1.3 percent against the same quarter last year, to EUR 2.2 billion. SevenOne Media, the ProSiebenSat.1 Group's TV marketing company for German-speaking Europe, had gross revenues of EUR 888.9 million, compared to EUR 950.2 million for the second quarter of 2007. Although the ProSiebenSat.1 Group maintained its lead in the German TV advertising market, the introduction of less competitive ad sales model led to an overall reduction in market share from 43.0 percent (Q2 2007) to 39.7 percent in Q2 2008.

The following table gives a summary of the ProSiebenSat.1 Group's shares of the TV audience in its various countries, and in various key demographics:

#### ProSiebenSat.1 free TV stations' audience shares by country

in percent

	Q2 2008	Q2 2007	H1 2008	H1 2007
Netherlands (1)	22.7	21.6	22.9	21.1
Norway (2)	13.9	14.3	13.5	13.9
Sweden (3)	15.4	16.2	15.0	15.3
Denmark (4)	8.9	7.5	8.3	7.4
Finland (5)	2.8	2.3	3.0	2.2
Belgium (3)	16.8	16.3	15.9	15.5
Hungary (4)	21.4	23.5	21.8	23.6
Romania (3)	6.1	7.2	6.1	7.4
Germany (6)	29.0	29.5	28.9	29.1

(1) Rating among target demographic 20-49. (2) Rating among target demographic 12-44. (3) Rating among target demographic 15-44. Romania's quarterly figures are based on the urban population. Belgium's figures refer to the region of Flanders. (4) Ratings among target demographic 15-50, except data for Hungary, which is based on demographic 18-49. (5) Ratings among target demographic 12-24. (6) ProSieben, Sat.1, kabel eins and N24. All German households using TV (Germany + EU), Monday-Sunday, 3:00 a.m. - 3:00 a.m., audience age 14-49.



## Assets and Liabilities, Financial Position, and Profit or Loss

### Group revenue and earnings performance

SBS Broadcasting Group, acquired last year, was first consolidated as of July 3, 2007. To make period-on-period comparisons possible, the discussion below shows the main revenue and earnings figures for the first half of 2007 as though the new corporate structure already existed (pro forma figures). The comparison figures for the income statements at the segment level are also shown on a pro forma basis for the first half of 2007. Thus the pro forma figures for 2007 include SBS's business as of January 2007.

#### Key figures H1 for ProSiebenSat.1 in its previous and new Group structure


in EUR m	ProSiebenSat.1 (not including SBS)		SBS Broadcasting Group		ProSiebenSat.1 Group (after consolidation)	
	H1 2008	H1 2007	H1 2008	H1 2007**	H1 2008	H1 2007**
Group revenues	988.3	1,052.8	542.6	526.8	1,530.9	1,579.6
Recurring EBITDA*	188.6	241.2	103.6	121.2	292.2	362.4
EBITDA	172.9	240.8	101.2	106.0	274.1	346.8

\* Recurring EBITDA = EBITDA before non-recurring items.

\*\* Pro forma figures for the first half of 2007.

### Group revenue and earnings performance (2007 not including SBS)

#### Business developments in the second quarter of 2008

The ProSiebenSat.1 Group's consolidated revenues rose 45.4 percent in Q2 2008, to EUR 801.9 million, compared to Q2 2007. The first consolidation of SBS, at EUR 293.0 million, contributed a significant portion of the total revenue increase of EUR 250.3 million .

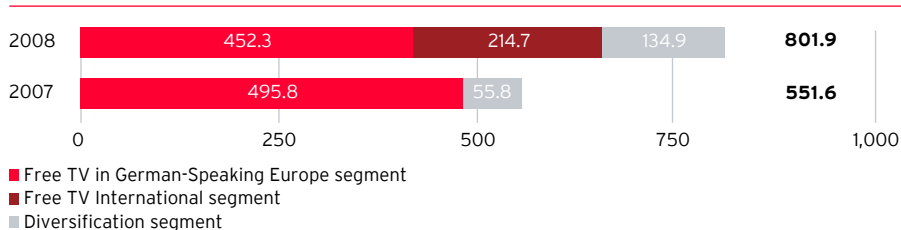
Revenue situation offset by performance of German free TV business

 Pro forma figures: earnings situation in H1 2008

The positive impact of the first consolidation of SBS was partly offset by the weak performance of the German free TV business, as is evident from the revenues broken down by business unit and segment. Revenues in the Free TV unit, which combines the German-speaking region and Free TV International segments, were up EUR 171.2 million, to EUR 667.0 million. The revenue increase resulted from an inclusion of SBS's free TV activities, with a revenue contribution of EUR 214.7 million. The Free TV unit's share of Group revenues was thus 83.2 percent, compared to 89.9 percent in Q2 2007. The Diversification unit accounted for 16.8 percent of revenues, compared to 10.1 percent in Q2 2007.

#### External revenues by segment

in EUR m



The Group generated 63.5 percent of its revenues in the German-speaking part of Europe. Not including the SBS Broadcasting Group, the ProSiebenSat.1 Group generated its revenues for the same period last year only in Germany, Austria and Switzerland.

#### Operating expenses

Operating expenses, consisting of cost of sales, selling expenses and administrative expenses, rose 61.4 percent in the second quarter of 2008, to EUR 657.2 million. Cost of sales increased by EUR 139.4 million, to EUR 458.7 million, while selling costs increased by EUR 57.7 million, to EUR 110.8 million. Administrative expenses reached EUR 87.7 million, compared to EUR 34.7 million for the second quarter of 2007.

The principal reasons for the increase in overall operating expenses were the first consolidation of SBS and higher depreciation resulting from purchase price allocations. Additionally, non-recurring costs came to EUR 18.8 million.

- **Effects of SBS:**

The first consolidation of SBS contributed EUR 222.5 million to the increase in costs for Q2 2008.

Additionally, the SBS purchase price allocation resulted in amortizations of EUR 16.6 million. Total amortizations for purchase price allocations came to EUR 18.5 million, compared to EUR 1.7 million a year earlier. The depreciation and amortization recognized in the cost of sales, selling expenses and administrative expenses rose by EUR 26.6 million, to a total of EUR 36.9 million. Depreciation and amortization for SBS came to EUR 8.7 million.

Consumption of programming assets increased by EUR 87.7 million, to EUR 318.5 million. SBS's contribution to consumption of programming assets amounted to EUR 100.4 million.

Personnel expenses, which are likewise reflected in the cost of sales, selling expenses and administrative expenses, increased by EUR 42.8 million in Q2 2008 to reach EUR 102.2 million. SBS contributed EUR 37.2 million of the higher personnel expenses.

**Distribution of amortizations resulting from purchase price allocations**

in EUR m	Q2 2008
Cost of sales	3.2
Selling expenses	15.3

- **Non-recurring items in the second quarter of 2008**

The second quarter of 2008 was impacted by non-recurring costs of EUR 18.8 million (Q2 2007: EUR 0.3 million). These negative one-time effects, which were primarily recognized as administrative expenses, resulted from the following factors: In April 2008 a decision was made to outsource a portion of ProSiebenSat.1 Produktion's IT processes and technological services. The adoption of the processes resulted in expenses of EUR 10.6 million. Other one-time negative effects on earnings, totaling EUR 8.2 million, resulted in part from portfolio adjustments and the work of integrating SBS with ProSiebenSat.1.

Positive one-time effects of EUR 4.4 million resulted especially from the formation of a joint venture for maxdome.

### Earnings situation

**Adjusted EBITDA** before one-time effects (recurring EBITDA) was EUR 203.7 million, outperforming last year's equivalent figure by 28.0 percent (Q2 2007: EUR 159.1 million). The recurring **EBITDA** margin declined to 25.4 percent (Q2 2007: 28.8 percent). The first consolidation of SBS contributed EUR 76.5 million to recurring EBITDA.

**Reconciliation of recurring EBITDA**

in EUR m	Q2 2008	Q2 2007
Pre-tax profit	88.1	143.6
Net financial expense	64.3	5.0
Operating profit	152.4	148.6
Depreciation and amortization	36.9	10.2
(including: from purchase price allocations)	18.5	1.7
EBITDA	189.3	158.8
Non-recurring items (net)	14.4	0.3
Recurring EBITDA	203.7	159.1

EBITDA increased 19.2 percent, to EUR 189.3 million (Q2 2007: EUR 158.8 million). SBS's business contributed EUR 62.5 million to this figure. The positive impact of the first consolidation of SBS was partly offset by weak performance of the German free TV business. The contribution to EBITDA of the Free TV in German-Speaking Europe segment decreased by 33.1 percent. The Group's earnings performance was further affected by higher costs, especially in connection with non-recurring items.

The **net financial result** includes a net interest result of EUR -59.9 million (Q2 2007: EUR -3.0 million) that particularly reflects the higher interest expense that resulted from the financing for the acquisition of SBS. Interest expenses rose EUR 59.7 million, to EUR 64.7 million.

For the reasons discussed above, the **pre-tax profit** decreased 38.6 percent to EUR 88.1 million (Q2 2007: EUR 143.6 million).

After deduction of tax expenses and minority interests, the consolidated profit for the period was EUR 59.5 million, compared to EUR 87.2 million for Q2 2007. The adjusted consolidated profit after minority interests (**underlying net income**) was EUR 73.6 million, compared to EUR 88.2 million a year ago. This value is adjusted for amortizations of capitalized intangible assets as a consequence of purchase price allocations.

### Business development in the first half of 2008 (H1 2007 excluding SBS)

Group revenues for the first half rose by EUR 478.0 million, or 45.4 percent, to reach EUR 1.531 billion. The half-on-half comparison shows the impact of revenue losses in the German TV advertising market, but these were compensated by the first consolidation of SBS. The contribution to revenues from SBS came to EUR 542.6 million.

The first consolidation of SBS also had a positive impact on **recurring EBITDA**, which rose by EUR 51.0 million, or 21.1 percent, to EUR 292.2 million. This figure includes EUR 103.6 million from the business of the former SBS Broadcasting Group. The recurring EBITDA margin declined to 19.1 percent (H1 2007: 22.9 percent). **EBITDA**, at EUR 274.1 million, was 13.8 percent above the previous year's equivalent (H1 2007: EUR 240.8 million).

### Performance of other main items in the income statement for the first half:

- **Total costs** rose by EUR 500.6 million in the first half of 2008, to EUR 1.340 billion. The first consolidation of SBS caused expenses for the period to increase by EUR 449.2 million. Other factors that contributed to the increase in total costs were amortizations for purchase price allocations and non-recurring items in Q2 2008.
- The financing of the SBS acquisition increased net interest expenses by EUR 117.3 million, to EUR 127.5 million. The **financial result** declined by 113.5 million to EUR -122.8 million.
- The **pre-tax profit** was down 62.3 percent, to EUR 79.5 million (H1 2007: EUR 211.1 million) because of the less favorable financial result.
- The developments described above yielded a **net result for the period** of EUR 51.6 million (after minority interests), compared to a profit of EUR 127.8 million for the first half of 2007. For the first half 2008, depreciation of capitalized intangible assets as a consequence of the purchase price allocation came to EUR 37.0 million. The net result for the period after adjustment for purchase price amortizations (the **underlying net income**) came to EUR 79.6 million, compared to EUR 129.9 million for the same period a year earlier.

### Pro forma figures: Earnings situation for the first half of 2008

On the basis of a pro forma comparison, consolidated **revenues** for the first half of 2008 were down as expected, by EUR 48.7 million, or 3.1 percent, to EUR 1.531 billion. This is mainly the result of difficulties with the advertising sales model in the German TV market. Following an investigation by the Federal Cartel Office, a new advertising sales model was introduced in Germany at the end of 2007. Many media agencies did not accept the new model, with a consequent adverse effect on the revenue performance of the Free TV in German-Speaking Europe segment. The sales model was revised during the second quarter. Additionally, as anticipated, the European Soccer Championship in Austria and Switzerland affected advertisers' bookings in this segment, since the public broadcasters had the rights to carry this major event.

- As a consequence, revenues in the two segments of the Free TV business unit decreased by EUR 56.8 million, to EUR 1.260 billion. Since the SBS acquisition, the advertising-financed television unit has included both the Free TV in German-Speaking Europe segment (with the stations Sat.1, ProSieben, kabel eins, N24 and PULS 4), and the Free TV International segment (with stations in Belgium, Denmark, Finland, Hungary, the Netherlands, Norway, Romania and Sweden). Revenues in the Diversification unit were up 3.1 percent, to EUR 270.8 million.
- German-speaking Europe is the Group's largest revenue-generating region, at 64.6 percent (H1 2007 pro forma: 66.6 percent), followed by Northern Europe, at 17.2 percent (H1 2007 pro forma: 15.7 percent), and Belgium and the Netherlands, at 13.0 percent (H1 2007 pro forma: 12.8 percent).


#### Revenues by region in the first half of 2008

in percent



Pro forma figures for prior year in parentheses

**Recurring EBITDA** (EBITDA adjusted for non-recurring items) came to EUR 292.2 million, compared to EUR 362.4 million the year before. The recurring EBITDA margin declined from 22.9 percent to 19.1 percent.

**EBITDA** was EUR 274.1 million, compared to EUR 346.8 million - a decline of 21.0 percent. Lower revenues reduced the operating earnings. Higher costs also affected the figure. In all, total costs for the first half of 2008 were up EUR 39.0 million, to EUR 1.340 billion. This figure includes non-recurring effects of EUR 18.1 million (H1 2007 pro forma: EUR 15.6 million) that particularly arose in the second quarter because of reorganization measures and portfolio adjustments. 

 **Non-recurring items in Q2 2008**

## Financial position

### Cash flow statement: Cash and cash equivalents, and cash flow

The Group's cash flow statement shows the generation and use of cash flows. It distinguishes among cash flows from operating activities, cash flows from investing activities and cash flows from financing activities. The cash flow from operating activities is derived indirectly from the Group's profit for the period. The cash and cash equivalents indicated in the cash flow statement are the same as the cash and cash equivalents shown in the balance sheet as of the reporting date.


To explain the financial position, we have summarized the main components of the cash flow statement below:

in EUR m	Q2 2008	Q2 2007	H1 2008	H1 2007
Consolidated profit (after minority interests)	59.5	87.2	51.6	127.8
Cash flow	438.1	365.2	766.9	691.0
Change in working capital	-58.6	-27.5	-132.4	-60.4
<b>Cash flow from operating activities</b>	<b>379.4</b>	<b>337.7</b>	<b>634.5</b>	<b>630.7</b>
<b>Cash flow from investing activities</b>	<b>-386.1</b>	<b>-219.9</b>	<b>-714.4</b>	<b>-480.3</b>
<b>Free cash flow</b>	<b>-6.7</b>	<b>117.8</b>	<b>-79.9</b>	<b>150.3</b>
<b>Cash flow from financing activities</b>	<b>-140.1</b>	<b>0.6</b>	<b>-21.4</b>	<b>0.1</b>
Change in cash and cash equivalents	-146.8	118.4	-101.3	150.4
Cash and cash equivalents at beginning of reporting period	296.4	95.5	250.9	63.5
Cash and cash equivalents	149.6	213.9	149.6	213.9
thereof assets and liabilities held for sale	-26.8	- / -	-26.8	- / -
<b>Cash and cash equivalents at end of period</b>	<b>122.8</b>	<b>213.9</b>	<b>122.8</b>	<b>213.9</b>

The 2007 figures do not include SBS.

In January through June 2008, the **cash flow from operating activities** increased slightly, by EUR 3.8 million, to EUR 634.5 million, compared to the first half of 2007.

A total of EUR 714.4 million was spent on **investing activities** during the period, compared to EUR 480.3 million a year earlier.

- Programming assets account for a major portion of the ProSiebenSat.1 Group's capital expenditures. The corporation invested a total of EUR 678.8 million in acquiring programming rights in the first half of 2008 (H1 2007: EUR 481.7 million). Of this figure, EUR 475.2 million was for German-speaking Europe.
- In addition to investments in acquiring programming rights, acquisitions also increased the cash used in investing activities. Cash used for acquisitions came to EUR 32.2 million (H1 2007: EUR 3.9 million). This figure includes payments on the purchase price for the acquisition of all of the Fem.com Internet platform and Radio Norge AS as well as payments for additional shares of lokalisten.de .
- The Group invested EUR 47.8 million for the first half in property, plant and equipment and in intangible assets, compared to EUR 10.2 million for the first half of 2007.

Heavy investments  
in programming

 Online business expanded  
through acquisitions

The above cash flows from operating and investing activities caused **free cash flow** to decrease from EUR 150.3 million to EUR -79.9 million.

The **cash flow from financing activities** yielded a net outflow of EUR 21.4 million for the first half of 2008, compared to an inflow of EUR 0.1 million last year. Most of this change resulted from the dividend payment in June 2008 and the cost of EUR 15.1 million for the share repurchase in the first half of 2008. A EUR 260.0 million cash inflow resulted from the draw down of the revolving credit facility.

- Financing activities resulted in a net outflow of EUR 140.1 million in the second quarter of 2008, compared to a cash inflow of EUR 0.6 million in Q2 2007. Of this figure, EUR 269.9 million was for the dividend distribution in June 2008. Last fiscal year, the dividend was paid in the third quarter.

The above changes in cash caused cash to decrease by EUR 91.1 million against June 30, 2007. Thus the Group had **cash and cash equivalents** of EUR 122.8 million from continuing operations at the end of the period.

### Borrowings

Last year, the ProSiebenSat.1 Group took out a senior secured syndicated credit facility of EUR 3.6 billion to acquire SBS. The credit agreement is composed of various term loans for a total of EUR 3.6 billion, with maturities in 2014 (Term Loan B) and 2015 (Term Loan C). The ProSiebenSat.1 Group has hedged some 80 percent of its variable-interest financial liabilities by way of a variety of interest-rate swaps. Additionally, the loan agreement includes a revolving credit facility with a limit of EUR 600 million and a term to 2014.

The loans covered not only the purchase price and transaction costs, but the refinancing of financial liabilities. These included financial liabilities of the SBS Broadcasting Group that were outstanding at the time of the acquisition, and an outstanding corporate bond of ProSiebenSat.1 Media AG.


#### • Net financial debt

Net financial debt is the total of bank liabilities, less cash and cash equivalents and current securities including the cash and cash equivalents from the assets held for sale.

At June 30, 2008, the Group had net financial debt of EUR 3.689 billion, compared to EUR 3.328 billion on December 31, 2007. Most of the EUR 360.8 million increase came from higher short-term liabilities to banks resulting from the draw of EUR 260.0 million on the revolving credit facility, as already mentioned above. Long-term loans and bank debt with a remaining term of more than one year came to EUR 3.576 billion (December 31, 2007: EUR 3.577 billion). In total, loans and borrowings came to EUR 3.839 billion, compared to EUR 3.579 billion on December 31, 2007.

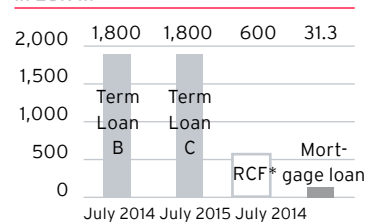
Net financial debt was up substantially against June 30, 2007, by EUR 3.716 billion (June 30, 2007: net financial assets of EUR 26.9 million). Financial debt rose from EUR 187.3 million to EUR 3.839 billion, primarily because of the financing for the SBS acquisition. Long-term bank debt with a remaining term of more than one year was EUR 3.576 billion, compared to EUR 34.2 million on June 30, 2007.

#### • Credit facilities

As of June 30, 2008, the Group had EUR 305.5 million remaining unused in its revolving credit facility. The revolving credit facility, with an amount of EUR 600 million, can be used variably for general corporate purposes. Additionally the Group had cash and cash equivalents (including from continuing operations) of EUR 122.8 million .

### Credit facilities

in EUR m



\* Revolving credit facility

### Financing measures for the SBS acquisition

Debt level leaves sufficient financial headroom for further expansion of the Group

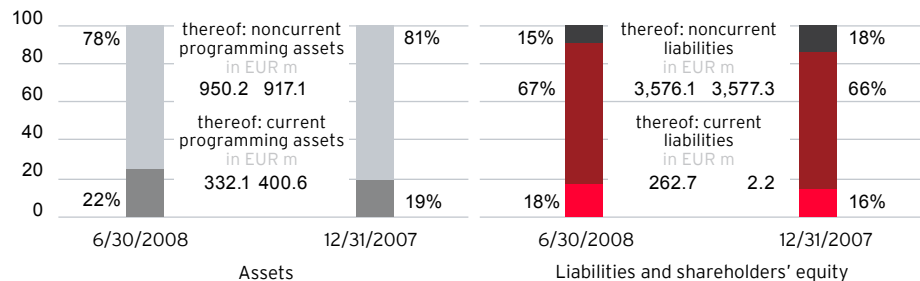
 Portfolio changes

 Outlook Report

## Assets and liabilities

### Balance-sheet ratios

in percent



■ Noncurrent assets ■ Current Assets ■ Shareholders' equity ■ Noncurrent liabilities ■ Current liabilities

### Assets and liabilities held for sale

Because of the planned sale of C More and BTI, the balance sheet of the ProSiebenSat.1 Group recognizes the business of these subsidiaries as current assets held for sale. This value was measured at EUR 338.2 million as of June 30, 2008. On the equities and liabilities side, this item is carried as a current liability held for sale, in the amount of EUR 44.8 million [↗](#).

[↗ Portfolio changes](#)

### Consolidated balance sheet compared to December 31, 2007

The Group's **total assets** decreased slightly against December 31, 2007, by EUR 18.4 million, to EUR 5.980 billion.

**Noncurrent assets** decreased EUR 203.1 million as of June 30, 2008, to EUR 4.662 billion. But **current assets** rose against December 31, 2007, by EUR 184.7 million, to EUR 1.318 billion.

Representing 21.4 percent of total assets, noncurrent and current programming assets are among the Group's most important asset items (December 31, 2007: 22.0 percent). Capitalized programming assets totaled EUR 1.282 billion, compared to EUR 1.318 billion at December 31, 2007. This figure includes noncurrent programming assets for an amount of EUR 950.2 million (Dec. 31, 2007: EUR 917.1 million). Current programming assets came to EUR 332.1 million, compared to EUR 400.6 million on December 31, 2007.

On the equity and liabilities side, **equity** decreased EUR 168.4 million, to EUR 893.9 million. The equity ratio was 14.9 percent, compared to 17.7 percent at December 31, 2007. Among the factors that reduced the equity base were the dividend payment of EUR 269.9 million in June 2008, and the purchase of treasury stock that began on March 7. Through its share repurchase program, ProSiebenSat.1 Media AG had acquired its own preferred stock of EUR 15.1 million as of April 3, 2008 [↗](#).

[↗ ProSiebenSat.1 share](#)

Total **noncurrent and current liabilities** increased EUR 150.0 million, to EUR 5.087 billion. The principal reason was a draw on the revolving credit facility. The draw on the revolving credit facility, with a total facility amount of EUR 600.0 million, came to EUR 260.0 million. Current loans and borrowings consequently increased EUR 260.5 million, to EUR 262.7 million.

### Consolidated balance sheet compared to June 30, 2007

Total assets increased significantly against June 30, 2007. Most of the sharp increase of EUR 3.850 billion, to EUR 5.980 billion, results primarily from the first consolidation of the business of the SBS Broadcasting Group. Apart from the SBS Broadcasting Group's assets and liabilities, which are recognized at fair value, the balance sheet shows the capitalized goodwill that derived from the first consolidation of SBS at July 3, 2007. The SBS acquisition was financed entirely from borrowings. These borrowings have caused the equity ratio to decrease to 14.9 percent (June 30, 2007: 64.6 percent).

## Employees

In the first half of the year, the ProSiebenSat.1 Group had 5,915 employees (H1 2007: 3,062 average full-time equivalents). Some 3,089 of these worked in Germany, Austria and Switzerland.

The number of employees increased substantially, by 1,063 (average full-time equivalent positions), in the first half of 2008. Most of the increase in staff came from the consolidation of SBS since July 2007. The staff also increased because of the full consolidation of PULS TV and MyVideo as of August 2007. An additional contribution to the increase came from growth of the staff at 9Live to handle its expanded international business operations. By contrast, efficiency enhancement programs and portfolio changes reduced the number of employees at ProSiebenSat.1 Produktion and the regional companies.

## Research and Development

The ProSiebenSat.1 Group conducts extensive market research in every area in which it does business and in every area where it foresees growth potential. However, market research activities do not fit the definition of research and development in the strict sense. For that reason, this information is omitted from the Consolidated Management Report.

## Business segments

As part of the first consolidation of SBS (July 3, 2007), the segment structure of the ProSiebenSat.1 Group was revised to better address the Group's expanded international business operations.

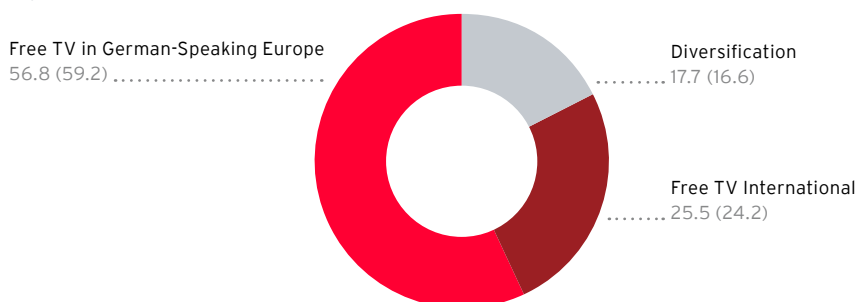
- The four German stations (Sat.1, ProSieben, kabel eins and N24) were consolidated into the **Free TV in German-Speaking Europe segment**. This segment also includes ProSiebenSat.1 Produktion, the Sat.1 regional companies, the marketing company SevenOne Media, and the Group's subsidiaries in Austria (PULS 4 among them) and Switzerland [↗](#).
- The advertising-financed TV stations of the former SBS Broadcasting Group in the Benelux countries (Belgium, Netherlands), Northern Europe (Denmark, Finland, Norway, Sweden) and the CEE area are combined in the **Free TV International segment** [↗](#).
- The diversification activities brought in with SBS are pooled together with existing diversification operations in the **Diversification segment**.

Development of audience shares and advertising market [↗](#) Environment

The ProSiebenSat.1 Group's financial reporting has used the above segment structure since July 2007. For that reason, the figures for the SBS Broadcasting Group are used to analyze operating performance in January through June on the basis of a pro forma comparison.

### Pro forma comparison: Segments' share of revenues in the first half of 2008

In percent



Figures for prior half year in parentheses

\* Pro forma figures for SBS for the first half of 2007.



### Free TV in German-Speaking Europe segment

In the **second quarter of 2008**, external revenues of the segment for advertising-financed free TV in Germany, Austria and Switzerland were EUR 452.3 million, down EUR 43.5 million, or 8.8 percent, against the equivalent figure from last year.

As expected, the difficulties in the German TV business had an impact on profits for the quarter. The primary reason for the declining revenues in the German market - the Group's most important region in terms of revenues - was problems with acceptance of the new advertising sales model in Germany, which was revised at the end of 2007 after an investigation by the German Cartel Office. As expected, moreover, TV coverage of the European Soccer Championships on the public stations affected advertisers' bookings in the second quarter of 2008. Revenue performance was further affected, after a time lag, by last year's weaker ratings at Sat.1.

In Austria, the ProSiebenSat.1 Group saw TV advertising revenues grow. The growth particularly resulted from an expansion of the technical reach of the Group's Austrian TV stations, as well as higher audience shares. In Switzerland, the Group was unable to increase its advertising revenues against the second quarter of 2007 because of the soccer championships. But the figure held steady at last year's level.

Part of the decline in revenues in the German market was compensated by savings on operating costs. Consequently recurring EBITDA was down 22.3 percent, to EUR 115.8 million (Q2 2007: EUR 149.1 million). One-time effects on expenses for Q2 2008 came in part from the outsourcing of IT processes and technological services. Consequently EBITDA for the second quarter of 2008 decreased 33.1 percent, to EUR 98.9 million (Q2 2007: EUR 147.8 million).

For the reasons already discussed, external revenues **for the first half of 2008** were down EUR 65.0 million, or 7.0 percent, to EUR 869.4 million. Recurring EBITDA decreased to EUR 173.4 million, a decline of EUR 46.5 million, or 21.1 percent. EBITDA decreased EUR 64.7 million, or 29.6 percent, to EUR 153.7 million.

#### Key figures for the Free TV German-Speaking Europe segment in EUR m

	Q2 2008	Q2 2007	H1 2008	H1 2007
External revenues	452.3	495.8	869.4	934.4
Recurring EBITDA*	115.8	149.1	173.4	219.9
EBITDA	98.9	147.8	153.7	218.4

\* Recurring EBITDA = EBITDA before non-recurring items.

### Free TV in German-Speaking Europe segment

#### THE SECOND QUARTER AT A GLANCE:

- As expected, business performance adversely affected by difficulties with advertising sales model and by European Soccer Championships; TV advertising revenues impacted in Germany
- New sales model for advertising time in the German market now accepted by all major media agencies
- Sat.1 regaining audience share, advertising revenues still down from last year
- Despite European Soccer Championships, stations maintain high audience share of 29.0 percent (Q2 2007: 29.5 percent)
- New production subsidiary founded: Red Seven Entertainment

#### Revenues

Q2

**-8.8%**

#### EBITDA

Q2

**-33.1%**

### Free TV International segment

Once again, the international TV advertising markets grew more dynamically than Germany. **Based on a pro forma calculation for the first half of 2008**, the segment's external revenues were up 2.1 percent against the prior-year figure, to EUR 390.7 million (H1 2007 pro forma: EUR 382.6 million). The fastest-growing regions in terms of revenues were Denmark (+19 percent), Romania (+21 percent), and the Netherlands (+3 percent). Most of the increase in revenues resulted from higher advertising income, which grew despite the lower bookings caused by the European Soccer Championships in June 2008. Additionally, higher distribution proceeds and the good performance of new stations launched last year also sped up revenue growth. The free TV station Kanal 9 was launched in February of last year. Counting this new addition, the Group now operates three free TV channels in Sweden. FEM went on the air in Norway last September. Its core target audience is women between the ages of 20 and 49. In addition to FEM, the Group operates the free TV stations TV NORGE and The Voice in Norway.

However, the rise in operating costs slowed earnings growth for the first half of 2008, so that recurring EBITDA was down 18.0 percent against the prior-year value, to EUR 81.9 million (H1 2007 pro forma: EUR 99.9 million). Costs rose particularly because of higher programming costs and the startup costs for the stations launched last year. EBITDA, at EUR 80.9 million, was down 3.3 percent from the previous year's figure (H1 2007 pro forma: EUR 83.7 million). The prior-year figure includes one-time effects from the integration of ProSiebenSat.1 and SBS.

#### Key figures for the Free TV International segment (SBS consolidated as of July 2007)

in EUR m

	Q2 2008	Q2 2007	H1 2008	H1 2007
External revenues	214.7	-/-	390.7	-/-
Recurring EBITDA*	54.4	-/-	81.9	-/-
EBITDA	53.6	-/-	80.9	-/-

\* Recurring EBITDA = EBITDA before non-recurring items.

### Diversification segment

In Q2 2008, external revenues in the Diversification segment were up EUR 79.1 million, or 141.8 percent, to reach EUR 134.9 million. Most of the substantial increase resulted from the effects of the full consolidation of SBS as of July 2007. The contribution to revenues from SBS came to EUR 78.3 million. Major growth drivers in existing business were the Group's licensing and music (Starwatch Music), international programming sales as well as online operations. Apart from organic growth, the Online business in German-speaking Europe was strengthened by the effects of first consolidations (MyVideo, lokalisten.de, wer-weiss-was.de).

#### Free TV International segment

##### THE FIRST HALF AT A GLANCE:

- Revenues continued to grow in the Free TV International segment
- Revenue growth driven by the international dynamics of TV advertising markets
- Profitability affected by startup costs for new stations

#### Revenues

H1

**+2.1%**

#### EBITDA

H1

**-3.3%**

Moreover, the Group expanded its online activities by acquisitions and internationalization of its businesses. By acquiring Fem.com in April 2008, the Group added a new Internet service for women to the ProSiebenSat.1 Network. Fem.com has been fully consolidated since April 2008. The Group also increased its interest in lokalisten Media GmbH from 30 percent to 90 percent. This company operates lokalisten.de, one of Germany's leading social networks. Among online marketers, the Group ranks second, with 18.44 million unique users. With up to 2.8 billion page views a month, ProSiebenSat.1's online network is the largest in Germany.

However, the profits of call TV station 9Live, which generates revenues mainly by telephone calls, declined substantially.

Recurring EBITDA gained EUR 22.7 million, to reach EUR 32.5 million (+231.6 percent). EBITDA gained EUR 24.8 million, to reach EUR 35.7 million (+227.5 percent). Most of the substantial growth in EBITDA came from the first consolidation of SBS for the period (EUR 20.9 million). Apart from the positive impact of the SBS consolidation, one-time income also increased profits in the second quarter, as a result of the contribution of the maxdome video-on-demand portal to a joint venture with United Internet.

In the first half of 2008, the segment's external revenues increased to EUR 270.8 million. Most of the significant increase of EUR 152.4 million resulted from the effects of the first consolidation of SBS (EUR 151.9 million). Recurring EBITDA increased EUR 15.1 million, to reach EUR 36.5 million (+70.6 percent), and EBITDA increased EUR 16.7 million, to EUR 39.1 million (+74.6 percent).

#### Key figures for the Diversification segment (H1 2007 pro forma):

in EUR m	Diversification segment (not including SBS)		SBS diversification		Diversification segment	
	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007
External revenues	118.9	118.4	151.9	144.3	270.8	262.7
Recurring EBITDA*	15.1	21.4	21.4	21.3	36.5	42.7
EBITDA	19.1	22.4	20.0	22.3	39.1	44.7

\* Recurring EBITDA = EBITDA before non-recurring items.

- Based on a pro forma comparison for the first half of 2008, external revenues were up EUR 8.1 million, or 3.1 percent, to EUR 270.8 million. Revenue growth was driven by the positive development of the premium pay TV business in Northern Europe and the international radio business. In German-speaking Europe, the businesses of Music (Startwatch Music), Licensing and Online were important growth drivers.

Recurring EBITDA was down EUR 6.2 million, to EUR 36.5 million (-14.5 percent). EBITDA decreased EUR 5.6 million, to EUR 39.1 million (-12.5 percent). The decline in profits was caused mainly by lower call TV revenues from 9Live in Germany during the first half.

#### Diversification segment

##### THE SECOND QUARTER AT A GLANCE:

- Portfolio adjustment: Contract signed to sell C More
- Online services expanded with acquisitions
- Second-largest online marketer in Germany

#### Revenues

Q2

**+EUR 79.1<sub>m</sub>**

#### Recurring EBITDA

Q2

**+EUR 22.7<sub>m</sub>**

**Changes in the portfolio**

January - June 2008	Description
<b>Free TV in German-Speaking Europe segment</b>	<p>Production subsidiary Red Seven Entertainment founded</p> <p>ProSiebenSat.1 Produktion, the Group's technological service provider, signs IT outsourcing agreement with IBM</p>
<b>Free TV International segment</b>	<p>Share purchase agreement for BTI signed (after the end of the reporting period)</p>
<b>Diversification segment</b>	<p>Sale purchase agreement for sale of C More Group AB (C More) signed in June 2008</p> <p>Online network expanded through acquisitions:</p> <ul style="list-style-type: none"> <li>• Acquisition of all of Feeem Media GmbH, which operates Fem.com Web portal <ul style="list-style-type: none"> <li>- Fully consolidated as of April 2008</li> </ul> </li> <li>• Acquisition of another 60 percent of lokalisten Media GmbH, operator of lokalisten.de Web portal. <ul style="list-style-type: none"> <li>- Fully consolidated as of May 2008</li> </ul> </li> </ul> <p>Online and VoD operations expanded, especially with international rollout:</p> <ul style="list-style-type: none"> <li>• MyVideo launched in Belgium and the Netherlands</li> <li>• SevenGames moves into Sweden, Norway and the Netherlands</li> <li>• Billiger.de launched in France, Italy and Spain</li> </ul> <p>Joint venture founded as of June 1, 2008, with United Internet for maxdome video-on-demand portal</p> <p>Radio network expanded with acquisitions:</p> <ul style="list-style-type: none"> <li>• Acquisition of all of TV2 Saturn AS, which operates a radio station in Norway (Radio Norge AS) <ul style="list-style-type: none"> <li>- Fully consolidated as of March 2008</li> </ul> </li> <li>• Contract signed for purchase of Radio Denmark <ul style="list-style-type: none"> <li>- Closing in July 2008</li> </ul> </li> </ul>
January - December 2007	Description
<b>Free TV in German-Speaking Europe segment</b>	<p>Acquisition of all of PULS TV, Austria</p> <ul style="list-style-type: none"> <li>• Fully consolidated as of July 2007</li> <li>• Expansion of former regional station into full-service channel (PULS 4)</li> </ul> <p>SAT.1 Austria fully consolidated as of February 2007</p>
<b>Free TV International segment</b>	<p>ProSiebenSat.1 segment structure changes through SBS consolidation</p> <p>- First consolidation of free TV stations in Benelux countries, Northern Europe, and CEE region (Bulgaria, Hungary, Romania) in July 2007</p> <p>New stations launched:</p> <ul style="list-style-type: none"> <li>• SBS NET, Denmark, launched in January 2007</li> <li>• Kanal 9, Sweden, launched in February 2007</li> <li>• Free TV station FEM, Norway, launched in September 2007</li> </ul>
<b>Diversification segment</b>	<p>Acquisitions in online operations</p> <ul style="list-style-type: none"> <li>• Acquisition of remainder of Magic Internet Holding GmbH, which runs MyVideo Web portal <ul style="list-style-type: none"> <li>- Fully consolidated as of August 2007</li> </ul> </li> <li>• Full acquisition of solute GmbH, which runs billiger.de Web portal <ul style="list-style-type: none"> <li>- Fully consolidated as of February 2007</li> </ul> </li> <li>• Acquisition of wer-weiss-was GmbH (wer-weiss-was.de knowledge portal) <ul style="list-style-type: none"> <li>- Fully consolidated as of September 2007</li> </ul> </li> </ul> <p>9Live expanded:</p> <ul style="list-style-type: none"> <li>• Services internationalized: 9Live as full service provider producing interactive shows for partner stations in other countries</li> <li>• Call TV station repositioned as central service provider for Group's phone-based and interactive applications</li> </ul> <p>Digital services expand in video-on-demand and basic pay TV</p>

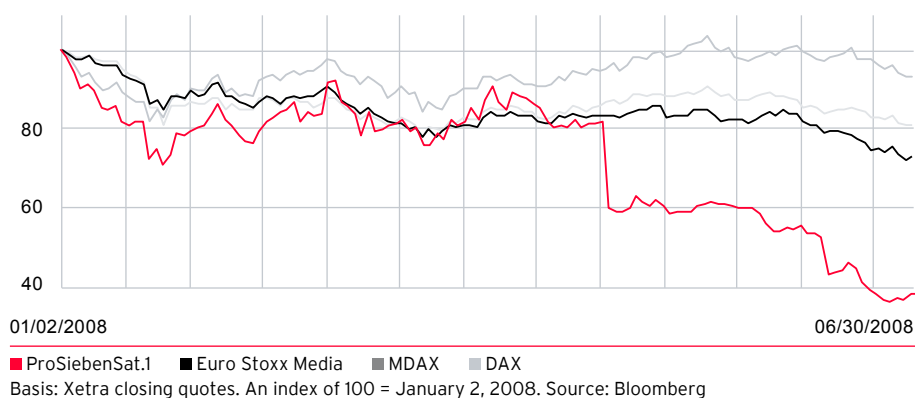
## The ProSiebenSat.1 Share

### ProSiebenSat.1 stock on the stock exchange

Following the substantial declines caused in the first quarter of 2008 by the ongoing turbulence in the financial markets and the fears of recession in the USA, the German stock market initially recovered ground in April and May. But at the end of the first half, the market slipped again.

In this difficult market environment, the release of the Q1 2008 figures caused the price of ProSiebenSat.1 stock to decline 26 percent. In June, essentially the dividend payment of EUR 1.25 per preferred share, the announced departure of the CEO, and numerous price target reductions by analysts had adverse effects on the stock's price performance. ProSiebenSat.1 stock closed at EUR 6.37 on the last trading day of the first half of 2008, having lost 61.7 percent against the beginning of the year. The comparable DAX and Euro Stoxx Media indexes were down respectively by 19.3 and 27.1 percent. During the period a total of 151,348,884 shares of ProSiebenSat.1 stock were traded over the Xetra trading system, equivalent to an average daily trading volume of about 1,201,182 shares (H1 2007: 704,452 shares).

### The ProSiebenSat.1 share: Price performance



### The ProSiebenSat.1 share: Price performance

	01/02 – 06/30/2008
XETRA high close (EUR)	16.62
XETRA low close (EUR)	6.06
XETRA close (EUR)	6.37
XETRA trading volume (average per day) (units)	1,201,182

### Share repurchase

From March 7 to April 3, 2008, ProSiebenSat.1 Media AG repurchased 1,127,500 shares of its own stock, equivalent to about 1.0 percent of preferred shares, or 0.5 percent of the Company's share capital. The stock was purchased at an average price of EUR 13.36 per share. The repurchased stock is intended primarily to service stock options under the Long Term Incentive Plan. Ownership of this stock brings ProSiebenSat.1 Media AG no entitlements. Under Sec. 71b of the Stock Corporations Act, treasury stock held directly or indirectly by the Company is not entitled to collect dividends.

Period	Shares purchased	Total value in EUR m
3/7-3/31/08	934,003	12.3
4/1-4/3/08	93,497	2.8
<b>Total</b>	<b>1,127,500</b>	<b>15.1</b>

## Shareholders' meeting for fiscal 2007

The annual meeting of the shareholders of ProSiebenSat.1 Media AG for fiscal 2007 was held in Munich on June 10, 2008. About 200 shareholders attended, representing 64 percent of the share capital. All motions by management for decisions requiring shareholder consent were carried unanimously. Among other resolutions, the meeting approved management's dividend proposal and ratified the supplemental elections to the Supervisory Board. The meeting elected Silke Scheiber, a Director at Kohlberg Kravis Roberts Co. Ltd., and Stefan Dziarski, an Investment Professional at Permira Beteiligungsberatung GmbH, to the Supervisory Board of ProSiebenSat.1 Media AG. The meeting unanimously ratified the actions of the members of the Supervisory Board already in office. The dividend was paid out on June 11, 2008, the day after the annual shareholders' meeting. For fiscal 2007, the shareholders received a dividend of EUR 1.23 per share of common stock and EUR 1.25 per share of preferred stock [↗](#).

[http://en.prosiebensat1.com/investor\\_relations/hauptversammlung/](http://en.prosiebensat1.com/investor_relations/hauptversammlung/)

## Subsequent Events

From the end of the second quarter of 2008 to August 4, 2008, the date when this report was released for publication, no other events occurred that are or might be of particular significance for the assets, liabilities, financial position and profit or loss of the ProSiebenSat.1 Group [↗](#).

Share purchase agreement for BTI signed in July

[↗](#) Major changes in portfolio

## Risk Report

With its risk management system, ProSiebenSat.1 is able to identify, analyze and assess current and future potential risks at an early point, and to support efficient management of those risks. Additionally, the ProSiebenSat.1 Group conducts extensive market research in every area in which it does business and in every area where it foresees potential risks or opportunities.

### Overall risk for the Company

In the first six months of 2008, no further material risks arose that were not already discussed in detail in the annual report for 2007. No events or identifiable risks arose after the reporting period that might change this assessment of the risk position.

Current major issues include the evaluation of general external factors, especially the advertising market, and market acceptance for the revised advertising sales model in Germany. Another important issue for the reported period has been parameters of copyright in the new media business. ProSiebenSat.1 Group is currently negotiating the use of content on all platforms of the ProSiebenSat.1 Group with various copyright holders, especially in new media. The talks focus mainly on the (Online) rights of use of music, which are used by various (collecting) societies. This breakdown makes a quick and feasible solution of the matter difficult, which may have a negative impact on the development of our business in new media.

The 2007 Annual Report of the ProSiebenSat.1 Group contains a detailed discussion of risk categories, as well as a description of the Group's risk management system, starting on page 50 [↗](#).

[http://en.prosiebensat1.com/investor\\_relations/finanzberichte/index\\_en.php](http://en.prosiebensat1.com/investor_relations/finanzberichte/index_en.php)

## Outlook Report

### Company Outlook

#### Expectations for the Group's business

A number of factors have weighed significantly on the ProSiebenSat.1 Group's revenue and earnings performance in the current year. Because of the difficulties in the German market, we announced in April that we will not achieve our original revenue and earnings targets for 2008, which were above the figures for the prior year. TV coverage of major sports events will be an additional important factor. Following the European Soccer Championships in June, the Olympics in August are a second pending event that will impact audience shares and the development of advertising revenues in fiscal 2008.

For 2008 as a whole, we are now aiming for a recurring EBITDA at the same level as the reported pro forma figures for 2007. But we must stress that this target is associated


with uncertainties. These derive in part from the low visibility in the advertising market, and in part from further overall economic developments in our markets.

Apart from these considerations, the steps we have taken to cut costs will have a positive impact on our earnings performance in the second half of 2008. Through Group-wide efficiency enhancement programs, we aim to save EUR 70 million on costs this year against the originally budgeted figures. The Group will continue to actively develop new programming, but at the same time cut costs by making an optimized use of existing programming assets in ways appropriate to demand.

Thanks to our successes in the first half, including in matters of programming, we adhere to our positive assessment of the process of integrating SBS and ProSiebenSat.1 to date. We are working on coordinating our business processes even better, pooling additional processes and dovetailing them further internationally. We assume that the most important phases of the integration process will be finished by the end of 2008, and that we will still be able to realize our synergy goal this year.

### Future financing and investments planned

Expanding and renovating our programming will continue to be an important focal point for our investing activities. This year we plan to invest EUR 1.6 billion in programming, slightly more than last year. Following the SBS acquisition, reducing debt will be a top priority in the next few years. Nevertheless, acquisitions are still conceivable. The ProSiebenSat.1 Group has sufficient financing capabilities for this. We will continue to pursue the goal of increasing the share of revenues generated by the Diversification unit, and of growing on the Internet in particular.

We are seeking to reduce our leverage through higher profits. Additionally, proceeds from divestments are mostly to be used to reduce financial debt. We are currently particularly looking at a sale of our Veronica print operation in the Netherlands. A share purchase agreement for the sale of C More Group AB was signed in June. Subject to approval by the antitrust authorities, the sale of C More is expected to close in the second half of 2008 .

 Major changes in portfolio

### Segments' future performance and strategic opportunities

We have taken decisive action to improve our competitiveness in the German market. Our revised advertising sales model has been accepted by the market, so that we are optimistic that we can regain market share in the German TV advertising market in the second half of 2008, and thus improve our revenue situation in our **core business in free TV**. But for the year as a whole, on the basis of a pro forma comparison, we doubt that we will be able to make up for the first-half year revenue losses in the German-speaking free TV business. In our international free TV operations, we continue to expect revenues to grow.

In the **Diversification unit**, we expect to consolidate current profitability and improve revenues.

- **Concentration on core competencies**

Our goal is to sustainably enhance our operating performance in our core business, free TV. An important step toward strengthening our position in audience share and in the advertising market was our agreement with UEFA in June 2008 that gave us the largest package of European live matches on German free TV. The contract applies for three seasons, from 2009-2010 to 2011-2012, and includes 17 top Champions League matches and 29 UEFA Cup matches each season. All matches will be shown on Sat.1. For the first time, the Group also obtained the right to exploit the matches live and delayed via Internet and mobile platforms. Additionally, the deal includes selected exploitation rights for the Group's video-on-demand portal maxdome.

We will also continue to pursue our **diversification strategy** of distributing content on all available media platforms, and thus expand our sources of revenue independent from the TV advertising market. **Establishing a leading operating platform** means more than a strategic competitive advantage for our European TV Group; this

technological innovation will allow us to standardize our existing processes and enhance our efficiency.

- **Making the most of opportunities in international operations**

Thanks to our European structure, we are broader-based and have a geographically better-balanced revenue portfolio. The TV advertising market is characterized by advertisers' short-term booking behavior, and is especially sensitive to the cyclic fluctuations of the economy. Hence a better-balanced revenue mix provides a significant safeguard for our competitiveness. Consequently the SBS acquisition optimized our risk profile, and allows us to act with far greater independence from business cycles in individual markets. At the same time, the merger with SBS substantially increased our growth opportunities in both our core business in free TV and in Diversification. As a European corporation, we can benefit from economies of scale in the production and exploitation of content, since we have a greater reach.

#### Future changes in ownership structure: TMG to become new strategic shareholder

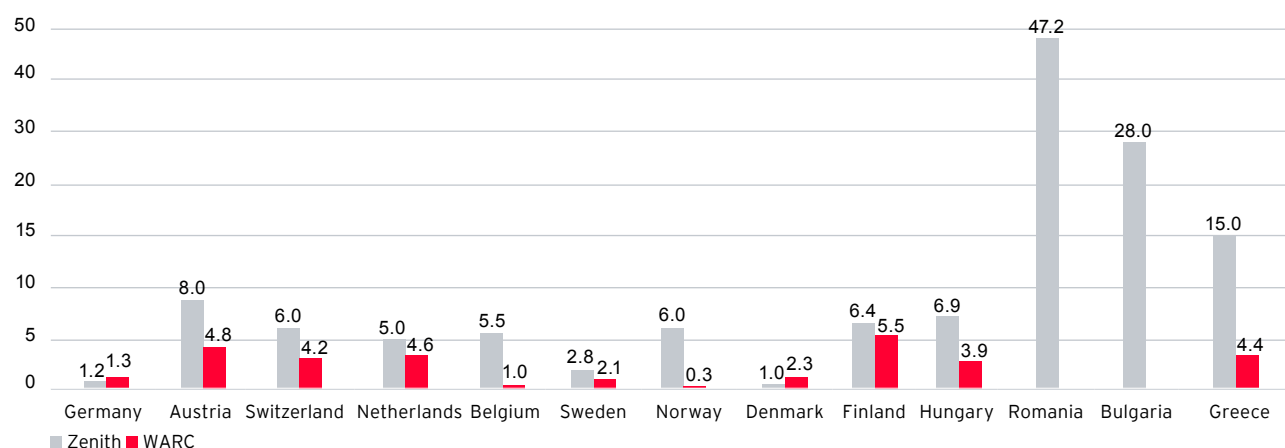
The Dutch media group Telegraaf Media Groep N.V. (TMG) announced on August 1, 2008, that it will acquire 12.0 percent of the voting common stock of ProSiebenSat.1 Media AG from Lavena Holding 5 GmbH. This is equivalent to 6.0 percent of the Company's share capital. The put option held by Lavena 5 Holding GmbH was agreed upon as part of ProSiebenSat.1 Media AG's acquisition of the SBS Broadcasting Group in July 2007. Prior to the acquisition, TMG held 20 percent of the SBS Broadcasting Group.

The Lavena Holding companies, which are controlled by funds advised by Kohlberg Kravis Roberts & Co. L.P. (KKR) and Permira Beteiligungsberatung GmbH (Permira), will remain the majority shareholders of ProSiebenSat.1 Media AG, with 88.0 percent of the Company's voting common stock and 25.3 percent of the nonvoting preferred stock. The remainder of the preferred stock is in free float.

### Future business conditions

#### Development of the advertising market in ProSiebenSat.1's main countries

TV advertising spends (net) in percent (change 08 vs. 07, at current prices)



\* Source: ZenithOptimedia 07/2008. Figures adjusted to net basis. Methods differ among countries and sources. World Advertising Research Center (07/2008).

### Economic conditions

At the beginning of the year, the **world economy** initially lost little of its momentum. However, signs are increasing that its dynamism will slacken appreciably in the next few months. The United States - the engine driving economic conditions - continues to be severely weighed down by the crisis in the real estate and financial markets, with the consequent tightening of lending conditions. Real growth will slow down in the **European Union and the Euro Zone** as well. Economic risks arise first of all from the world economy, especially because of high commodity prices and inflation. The strong euro



is also exerting adverse effects on the European export business. Additionally, the real estate boom that has persisted for years in some member states is coming to an end. The resulting asset losses, combined with high inflation, are pulling down consumer sentiment. Eurostat, the Statistical Office of the European Communities, expects the growth rate in the European Union to recede from last year's 2.9 percent to 2.0 percent for 2008.

**In Germany**, the leading economic research institutes have actually raised their projections for the year as a whole, following the lively first quarter. Expectations for real growth now range from 2.1 percent (ifW) to 2.4 percent (ifo). But the experts are unanimously expecting that the growth curve will flatten over the remainder of the year because of the cooling world economy. The former growth drivers in particular - exports and corporate investment - will perform less dynamically than before. Consumer spending is also expected to develop less vigorously than at the beginning of the year. Although rising wages and the ongoing positive situation in the job market provide a good foundation for higher consumer spending, high inflation - especially for staples - has been weighing on household budgets. At this point most of the institutes' growth expectations are below their forecasts from last spring (2008: +0.8 percent; 2009: +1.2 percent). For example, the Ifo Institute now considers a real gain of only 0.5 percent probable for 2008.

#### **Development of the advertising market in ProSiebenSat.1's main markets**

In spite of the general weakening of the economy, economic conditions in Europe overall are currently expected to remain solid in 2008, although economic growth is expected to vary from region to region. The TV advertising market shows a strong correlation with macroeconomic developments. Accordingly, the projected growth of gross domestic product and consumer spending is generally reflected in the expected growth of the associated advertising markets. For countries with strong economic growth, like Romania and Bulgaria, advertising spends are therefore expected to be well above average.

ZenithOptimedia expects TV advertising spends in **Germany** to grow 1.2 percent in 2008. Based on current advertising market assessments, we currently expect a stable to slightly positive **German TV advertising** market for the year.

Projections indicate that almost all **other markets** where the ProSiebenSat.1 Group operates will grow faster than Germany.

## HALF YEAR FINANCIAL STATEMENTS

### Consolidated income statement for ProSiebenSat.1 Media AG

EUR k	Q2 2008	Q2 2007	H1 2008	H1 2007
1. Revenues	801,861	551,611	1,530,931	1,052,794
2. Cost of sales	-458,738	-319,317	-959,865	-654,611
3. <b>Gross profit</b>	<b>343,123</b>	<b>232,294</b>	<b>571,066</b>	<b>398,183</b>
4. Selling expenses	-110,770	-53,076	-225,137	-108,516
5. Administrative expenses	-87,709	-34,732	-154,951	-76,247
6. Other operating profit	7,780	4,071	11,326	7,021
7. <b>Operating profit</b>	<b>152,424</b>	<b>148,557</b>	<b>202,304</b>	<b>220,441</b>
8. Income from equity interests in associated companies	-461	1,557	1,550	1,628
9. Other financial result	-847	368	-847	373
10. Net interest and similar income	4,826	1,988	7,298	2,900
11. Net interest and other expenses	-64,701	-5,024	-127,458	-10,160
12. Net interest result	-59,875	-3,036	-120,160	-7,260
13. Other financial expenses	-3,156	-3,864	-3,302	-4,087
14. <b>Financial income</b>	<b>-64,339</b>	<b>-4,975</b>	<b>-122,759</b>	<b>-9,346</b>
15. <b>Profit before taxes</b>	<b>88,085</b>	<b>143,582</b>	<b>79,545</b>	<b>211,095</b>
16. Income taxes	-25,985	-54,530	-23,466	-80,217
17. <b>Consolidated profit (before minorities)</b>	<b>62,100</b>	<b>89,052</b>	<b>56,079</b>	<b>130,878</b>
attributable to				
Shareholders of ProSiebenSat.1 Media AG	59,541	87,165	51,606	127,795
Minorities	2,559	1,887	4,473	3,083
EUR				
Basic and diluted earnings per share of common stock according to IAS 33 *	0.26	0.39	0.23	0.58
Basic and diluted earnings per share of preferred stock according to IAS 33 *	0.28	0.40	0.25	0.59

\* thereby accounted for consolidated net profit for the period: Q2 2008: 59.5 EUR m [Q2 2007: 87.2 EUR m]; H1 2008: 51.6 EUR m [H1 2007: 127.8 EUR m]  
thereby accounted for number of common and preferred shares: Q2 2008: 217,670 thousand [Q2 2007: 218,797 thousand]; H1 2008: 218,164 thousand [H1 2007: 218,797 thousand]

## Consolidated balance sheet of ProSiebenSat.1 Media AG

ASSETS	6/30/2008	6/30/2007	12/31/2007
EUR k			
<b>A. Noncurrent assets</b>			
I. Intangible assets	3,340,684	329,972	3,540,371
II. Property, plant and equipment	268,059	222,074	267,869
III. Investments accounted for using the equity method	6,598	6,401	4,583
IV. Other financial assets	58,871	6,423	70,508
V. Programming assets	950,246	801,546	917,110
VI. Accounts receivable and other long-term assets	7,619	1,405	14,091
VII. Deferred taxes	30,008	- / -	50,708
	<b>4,662,085</b>	<b>1,367,821</b>	<b>4,865,240</b>
<b>B. Current assets</b>			
I. Programming assets	332,060	241,308	400,575
II. Inventories	5,662	4,907	4,849
III. Current financial assets	190	241	264
IV. Assets for current tax	71,242	82,504	34,109
V. Accounts receivable and other short-term assets	448,094	219,885	442,962
VI. Cash and cash equivalents	122,784	213,928	250,847
VII. Assets classified as held for sale	338,236	- / -	- / -
	<b>1,318,268</b>	<b>762,773</b>	<b>1,133,606</b>
<b>Total assets</b>	<b>5,980,353</b>	<b>2,130,594</b>	<b>5,998,846</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
EUR k			
<b>A. Shareholders' equity</b>			
I. Subscribed capital	218,797	218,797	218,797
II. Capital reserves	546,987	574,758	546,987
III. Group equity generated	124,353	573,538	342,646
IV. Treasury stock	-15,105	- / -	- / -
V. Accumulated other Group equity	2,104	4,490	-56,539
VI. Total equity attributable to shareholders of ProSiebenSat.1 Media AG	877,136	1,371,583	1,051,891
VII. Minority interests	16,739	3,769	10,435
	<b>893,875</b>	<b>1,375,352</b>	<b>1,062,326</b>
<b>B. Noncurrent liabilities</b>			
I. Long-term loans and borrowings	3,576,149	34,206	3,577,297
II. Provisions	9,640	7,838	11,308
III. Noncurrent financial liabilities	242,170	114,182	201,420
IV. Deferred taxes	201,151	11,305	207,272
	<b>4,029,110</b>	<b>167,531</b>	<b>3,997,297</b>
<b>C. Current liabilities</b>			
I. Short-term loans and borrowings	262,745	153,068	2,196
II. Provisions	132,462	154,224	177,819
III. Current financial liabilities	439,192	237,897	532,706
IV. Liabilities for current tax	470	752	1,706
V. Other liabilities	177,709	41,770	224,796
VI. Liabilities classified as held for sale	44,790	- / -	- / -
	<b>1,057,368</b>	<b>587,711</b>	<b>939,223</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,980,353</b>	<b>2,130,594</b>	<b>5,998,846</b>

## ProSiebenSat.1 Group cash flow statement

EUR k	Q2 2008	Q2 2007	H1 2008	H1 2007
<b>Consolidated profit (after minorities)</b>	<b>59,540</b>	<b>87,165</b>	<b>51,605</b>	<b>127,795</b>
Depreciation, amortization and impairment/write-ups of noncurrent and current assets	37,746	10,269	72,679	20,387
Consumption/write-ups of programming assets	318,476	230,792	672,431	478,781
Change in tax provisions [incl. change in deferred taxes]	23,020	50,149	-16,133	75,096
Change in other provisions	-4,220	1,686	-10,818	-1,493
Result from equity accounting and other noncash relevant changes within financial assets	486	61	500	-10
Result from sale of fixed assets	148	236	119	236
Other noncash income / expenses	2,864	-15,191	-3,527	-9,779
<b>Cash flow</b>	<b>438,060</b>	<b>365,167</b>	<b>766,856</b>	<b>691,013</b>
Change in inventories	519	303	-813	-600
Change in non-interest-bearing receivables and other assets	-63,419	-8,633	-92,218	-57,870
Change in non-interest-bearing liabilities	4,284	-19,128	-39,328	-1,882
<b>Cash flow from operating activities</b>	<b>379,444</b>	<b>337,709</b>	<b>634,497</b>	<b>630,661</b>
Proceeds from disposal of noncurrent assets	1,058	1,197	13,803	2,416
Expenditures for intangible assets and property, plant and equipment	-37,130	-4,908	-47,791	-10,204
Expenditures for purchase of financial assets	-1,595	-2,959	-1,922	-3,465
Proceeds from disposal of programming assets	-1,471	2,681	19,561	11,854
Expenditures for programming assets	-327,174	-211,838	-678,819	-481,723
Effects of changes in scope of consolidation (acquisition)	-21,815	-7,713	-32,196	-3,899
Effects of changes in scope of consolidation (divestiture)	3,437	1,811	3,437	1,811
Other changes in equity	-1,467	1,782	9,569	2,871
<b>Cash flow from investing activities</b>	<b>-386,157</b>	<b>-219,947</b>	<b>-714,358</b>	<b>-480,339</b>
<b>Free Cash flow</b>	<b>-6,713</b>	<b>117,762</b>	<b>-79,861</b>	<b>150,322</b>
Dividend	-269,899	- / -	-269,899	- / -
Reduction of interest-bearing liabilities	-2,949	-836	-3,809	-1,646
Allocation of interest-bearing liabilities	135,536	1,457	267,382	1,712
Repurchase of treasury stock	-2,770	- / -	-15,105	- / -
<b>Cash flow from financing activities</b>	<b>-140,082</b>	<b>621</b>	<b>-21,431</b>	<b>66</b>
<b>Change in cash and cash equivalents</b>	<b>-146,795</b>	<b>118,383</b>	<b>-101,292</b>	<b>150,388</b>
Cash and cash equivalents at beginning of year	296,350	95,545	250,847	63,540
<b>Cash and cash equivalents at end of period</b>	<b>149,555</b>	<b>213,928</b>	<b>149,555</b>	<b>213,928</b>
Cash and cash equivalents of discontinued operations at end of period	-26,771	- / -	-26,771	- / -
<b>Cash and cash equivalents of continuing operations at end of period</b>	<b>122,784</b>	<b>213,928</b>	<b>122,784</b>	<b>213,928</b>
<b>The cash flow from continued operations includes the following receipts and payments according to IAS 7:</b>				
Cash flow from income taxes	-54,855	-40,418	-91,338	-71,044
Cash flow from interest expenses	-59,301	-5,465	-124,803	-6,176
Cash flow from interest income	2,233	1,498	4,678	1,958

## Statement of changes in shareholders' equity of the ProSiebenSat.1 Group 1 January to 30 June 2007

EUR k	Subscribed capital	Capital reserves	Group equity generated	Treasury stock	Accumulated other Group equity			Shareholders' equity
					Foreign currency translation adjustment	Valuation from cash flow hedges and interest rate swaps	Minority interests	
December 31, 2006	218,797	584,537	445,743	- / -	-458	-9,144	1,049	1,240,524
Changes in scope of consolidation	- / -	- / -	- / -	- / -	- / -	- / -	-340	-340
Stock option plan	- / -	-9,779	- / -	- / -	- / -	- / -	- / -	-9,779
Statement of recognised income and expenses	- / -	- / -	- / -	- / -	-190	14,282	-23	-14,069
Consolidated profit	- / -	- / -	127,795	- / -	- / -	- / -	3,083	130,878
<b>June 30, 2007</b>	<b>218,797</b>	<b>574,758</b>	<b>573,538</b>	<b>- / -</b>	<b>-648</b>	<b>5,138</b>	<b>3,769</b>	<b>1,375,352</b>

## Statement of changes in shareholders' equity of the ProSiebenSat.1 Group 1 January to 30 June 2008

EUR k	Subscribed capital	Capital reserves	Group equity generated	Treasury stock	Accumulated other Group equity			Shareholders' equity
					Foreign currency translation adjustment	Valuation from cash flow hedges and interest rate swaps	Minority interests	
December 31, 2007	218,797	546,987	342,646	- / -	-16,073	-40,466	10,435	1,062,326
Dividends paid	- / -	- / -	-269,889	- / -	- / -	- / -	-5,583	-275,482
Changes in scope of consolidation	- / -	- / -	- / -	- / -	- / -	- / -	7,414	7,414
Repurchase of treasury stock	- / -	- / -	- / -	-15,105	- / -	- / -	- / -	-15,105
Statement of recognised income and expenses	- / -	- / -	- / -	- / -	18,761	39,882	- / -	58,643
Consolidated profit	- / -	- / -	51,606	- / -	- / -	- / -	4,473	56,079
<b>June 30, 2008</b>	<b>218,797</b>	<b>546,987</b>	<b>124,353</b>	<b>-15,105</b>	<b>2,688</b>	<b>-584</b>	<b>16,739</b>	<b>893,875</b>

## Notes

### Basis and methodology

As a listed company, ProSiebenSat.1 Media AG has prepared its condensed consolidated interim financial statements as of June 30, 2008, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The consolidated interim financial statements at June 30, 2008, were prepared on the basis of IAS 34, "Interim Financial Reporting".

Both the accounting principles applied and the explanations and information for the consolidated interim financial statements for the first half of fiscal 2008 are generally based on the same accounting policies as the consolidated financial statements for fiscal 2007.

For further information about the accounting policies applied, please refer to the consolidated financial statements as of December 31, 2007, which form the basis for the present half year report.

### Scope of consolidation

The number of subsidiaries included in the consolidated financial statements changed as follows in the first half of fiscal 2008:

	In Germany	Outside Germany	Total
Included at 12/31/2007	46	130	176
Newly founded or newly consolidated companies	5	5	10
Merged/deconsolidated companies	- / -	- 10	-10
<b>Included at 6/30/2008</b>	<b>51</b>	<b>125</b>	<b>176</b>

ProSiebenSat.1 Media AG directly or indirectly holds a majority of voting rights in these companies. Fourteen (as of December 31, 2007: fifteen) associated companies and one joint venture, in terms of IAS 31, are reported using the equity method.

### Acquisition of Radiostationen Radio Norge AS (formerly TV2 Saturn AS)

Effective March 1, 2008, SBS Radio Norge AS acquired 100 percent of Radiostationen Radio Norge AS (formerly TV2 Saturn AS), headquartered in Oslo, Norway. The total purchase price for the acquired ownership interest was EUR 10,004 thousand. For the same amount in return SBS Belgium N.V. sold 23 percent of its shares in SBS Radio Norge AS to the former owner of Radiostationen Radio Norge AS. Thus the ProSiebenSat.1 Group now owns 77 percent of SBS Radio Norge AS. The selling agreement includes put and call options for the 23 percent of the shares sold exercisable from 2010 onwards. Radiostationen Radio Norge AS was fully consolidated into the consolidated financial statements of ProSiebenSat.1 Media AG for the first time as of

March 1, 2008. Radiostationen Radio Norge AS operates a radio station in Norway. Radiostationen Radio Norge AS had revenues of EUR 1,429 thousand in the period in which the company was consolidated. The net loss for the same period was EUR 1,819 thousand.

The assets and liabilities of the ProSiebenSat.1 Group incorporate the acquisition of the Radiostationen Radio Norge AS at the following values:

EUR k		Step-up	Fair value
Goodwill	- / -	2,059	2,059
Intangible assets	9,814	- / -	9,814
Other non-current assets	615	- / -	615
Current assets	396	- / -	396
Liabilities, including deferred tax liabilities	-2,880	- / -	-2,880
<b>Total</b>			<b>10,004</b>
Purchase price Radiostationen Norge AS Radio			10,004
<b>Total</b>			<b>10,004</b>

### Acquisition of Feem Media GmbH

By a purchase agreement dated April 17, 2008, SevenOne Intermedia GmbH, an indirect wholly owned subsidiary of ProSiebenSat.1 Media AG, acquired 100 percent of Feem Media GmbH. The purchase price of the acquired shares as of June 30, 2008, was EUR 5,335 thousand, which is to be paid in four installments by 2011. The first installment of EUR 1,000 thousand was paid on June 30, 2008. In addition, the purchase agreement includes an earn-out clause with a term of 36 months that runs until April 30, 2011. The achievement of the goal under the clause is contingent on certain profit targets. Since the company at present is still building up its business operations, no reliable estimate of whether the profit targets will be achieved is possible as of the reporting date. For that reason, only the minimum purchase price indicated above was recognized as of June 30, 2008.

The company was fully consolidated into the consolidated financial statements of ProSiebenSat.1 Media AG for the first time as of April 2008.

Feem Media GmbH is currently setting up an Internet-based women's network and portal, which is to provide an overview of issues specific to women at [www.fem.com](http://www.fem.com).

No further information under IFRS 3 can be provided at the moment, since the purchase price allocation process was begun only upon consummation of the purchase agreement and had not been completed as of the reporting date. The company has no revenues to date; the loss for the first half was EUR 148 thousand. Of this figure, EUR 93 thousand applies to the period for which the company was consolidated.

Immediately prior to the acquisition, the net assets of Feeem Media GmbH were as follows:

EUR k	
Receivables and other short-term assets	82
Provisions and liabilities	-32

#### Acquisition of further interest in lokalisten media GmbH

On May 15, 2008, SevenOne Intermedia GmbH increased its interest in lokalisten media GmbH, formerly recognized at equity, from 29.8 percent to 90 percent, and entered at the same time into a put/call option for the remaining 10 percent exercisable at July 31, 2009 and April 30, 2011. Being certain that either of the parties will exercise the option, the company has been fully consolidated with 100 percent in the consolidated financial statements of ProSiebenSat.1 Media AG since May, 2008. The total purchase price for the additional ownership interest was EUR 19,545 thousand. Of this figure, EUR 15,525 thousand is for the increase in the ownership interest to 90 percent, and EUR 4,020 thousand for the additional 10 percent under the put/call option. The additional purchase price from put/call option is contingent on certain profit targets and has been measured using the best estimate at the reporting date.

lokalisten media GmbH operates in Internet/mobile phone supported online communities, especially at the domain www.lokalisten.de.

No further information under IFRS 3 can be provided at the moment, since the purchase price allocation process was begun only upon consummation of the purchase agreement and had not been completed as of the reporting date. lokalisten media GmbH had revenues of EUR 1,189 thousand for the first half of 2008. The net loss for the same period was EUR 394 thousand, of which a loss of EUR 104 thousand applies to the period for which the company was consolidated.

Immediately prior to the acquisition, the net assets of lokalisten media GmbH were as follows:

EUR k	
Intangible assets	11
Property, plant and equipment	404
Receivables and other short-term assets	1,945
Provisions and liabilities	-251

#### maxdome GmbH & Co. KG

In June 2008, SevenSenses GmbH contributed its video-on-demand business to a 50/50 joint venture with 1&1 Internet AG, a company of United Internet Group.

maxdome is the video-on-demand portal of ProSiebenSat.1 Group, and allows users to download feature films, series, comedies, cartoons, documentaries and sports via DSL straight to their PC, or to their television with a special set-top box.

Within the transaction SevenSenses GmbH contributed assets to the joint venture with a carrying amount of EUR 570 thousand and fair value of EUR 9,068 thousand and realized a contribution gain of 50 percent amounting to EUR 4,249 thousand. Therefore, the investment in the first time consolidation for maxdome is EUR 4,887 thousand. maxdome GmbH & Co. KG is accounted as a joint venture in terms of IAS 31, using the equity method in the consolidated financial statements.

#### Finalization of SBS Broadcasting Group purchase price allocation

The purchase price allocation for the acquisition of SBS Broadcasting Group is finalized as of June 30, 2008. In the finalization of the purchase price allocation, an adjustment of EUR 5 million to goodwill of EUR 2,363 million as of December 31, 2007 was made resulting to goodwill amounting to EUR 2,368 million as of 30 June, 2008. In addition, a re-allocation of goodwill amounting to EUR 57.3 million from cash generating unit Radio to Free TV CEE was required.

#### Income taxes

The income tax expense (income) was calculated pursuant to IAS 34.30 on the basis of the best estimate of the weighted average annual income tax rate (the tax rate for the consolidated group).

#### Other financial liabilities

EUR k	Remaining term 1 year or less	Remaining term 2 to 5 years	Remaining term over 5 years	Total
Programming assets	939,230	1,454,001	170,311	2,563,542
Leasing and long-term rental commitments	38,213	107,416	37,031	182,660
Royalties	86,679	174,330	78,472	339,481
Other liabilities	90,223	144,488	83,795	318,506
<b>Total</b>	<b>1,154,345</b>	<b>1,880,235</b>	<b>369,609</b>	<b>3,404,189</b>

Other financial liabilities exist in addition to provisions, liabilities and contingent liabilities. These derive from contractual agreements entered into before June 30, 2008, and pertain to payment obligations due on or after July 1, 2008. The agreements have remaining terms of between 1 and 15 years.

The increase in other financial liabilities compared to 31. December, 2007 for programming assets results from new contractual agreements. The amounts for leasing and long-term rental commitments as well as for other liabilities reflect the new outsourcing agreement with IBM Business Services GmbH.

### Discontinued operations and assets and liabilities held for sale

On March 31, 2008, the ProSiebenSat.1 Group signed an outsourcing agreement with IBM, under which IBM will handle and expand all IT business applications, as well as the IT and media systems at ProSiebenSat.1 Produktion. At the same time, the ProSiebenSat.1 Group will set up a new "payout center" in Munich. This will allow the Group's TV channels to be broadcast throughout Europe from two centralized play-out centers in Munich and London (Chiswick). Consequently, the originally planned sale of all of ProSiebenSat.1 Produktion will not be pursued for the time being. For that reason, contrary to the presentation in the consolidated financial statements of the ProSiebenSat.1 Group, ProSiebenSat.1 Produktion is no longer shown as discontinued operations. The following amounts presented as of December 31, 2007 under discontinued operations have been reclassified and included within the continuing operations.

<b>Assets</b>	<b>Total</b>
EUR k	
<b>Groups of assets held for sale</b>	
I. Intangible assets	5,648
II. Property, plant and equipment	22,934
III. Financial investments	35
IV. Inventories	171
V. Receivables and other short-term assets	2,076
VI. Cash and cash equivalents	21
VII. Deferred tax assets	108
	<b>30,993</b>
<b>Liabilities and shareholders' equity</b>	
EUR k	
<b>Groups of liabilities held for sale</b>	
I. Provisions	300
II. Other liabilities	11,837
III. Deferred tax liabilities	245
	<b>12,382</b>

The groups of assets and liabilities held for sale, and recognized in the balance sheet at EUR 338,236 thousand (for assets) and EUR 44,790 thousand (for liabilities), pertain to the intended sale of the C More Group AB, Stockholm [Sweden] and its subsidiaries with its premium pay TV activities, and the planned sale of Broadcast Text International AB, Stockholm [Sweden] and its subsidiaries with its subtitling activities. The sale of the C More Group AB and its subsidiaries is still awaiting the consent of antitrust authorities, and is expected to be consummated in the next few months. The sale of Broadcast Text International AB and its subsidiaries is expected to be completed by year end.

C More Group AB and its subsidiaries is the leading provider of pay TV services such as premium feature films and premium sports broadcasts, in Sweden, Norway, Denmark and Finland.

Broadcast Text International AB and its subsidiaries is Europe's largest operator in subtitling for television, videos, theatrical films and DVDs.

C More Group AB and its subsidiaries are included in the Diversification segment, Broadcast Text International AB and its subsidiaries are included in the Free TV international segment.

The following table shows the carrying amounts for the companies held for sale at the closing date.

<b>Assets</b>	<b>C More</b>	<b>BTI</b>	<b>Total</b>
EUR k			
<b>Groups of assets held for sale</b>			
I. Intangible assets	211,612	8,703	220,315
II. Property, plant and equipment	1,070	230	1,300
III. Other long-term assets	4,371	211	4,582
IV. Programming assets	13,651	- / -	13,651
V. Receivables and other short-term assets	48,460	2,565	51,025
VI. Cash and cash equivalents	23,554	3,217	26,771
VII. Deferred tax assets	20,524	68	20,592
	<b>323,242</b>	<b>14,994</b>	<b>338,236</b>
<b>Liabilities and shareholders' equity</b>			
EUR k			
<b>Groups of liabilities held for sale</b>			
I. Other liabilities	25,200	2,619	27,819
II. Deferred tax liabilities	16,971	- / -	16,971
	<b>42,171</b>	<b>2,619</b>	<b>44,790</b>

The Group is also seeking to sell its Dutch print business Veronica. "Veronica" magazine, a weekly programming periodical, is one of the market leaders in the Netherlands. Since the criteria under IFRS 5 were not met as of the reporting date, these operations are not recognized as held for sale.



## Segment Report

In accordance with IFRS 8 (“Operating Segments”), certain figures in interim financial statements must be presented separately by business segments and geographical segments. The basis of segmentation is to be the company’s own internal reporting, which permits a reliable assessment of the group’s risks and earnings. Segmentation is intended to provide transparency as to the profitability and prospects for success of the group’s individual activities. Consistently with its internal management practices, the Pro-SiebenSat.1 Group adopts business segments as the basis for its primary segment reporting.

The ProSiebenSat.1 Group subdivides its operations into two business units, Free TV and Diversification. The Free TV unit in turn is subdivided into two segments, Free TV in German-Speaking Europe and Free TV International.

The Free TV in German-Speaking Europe segment essentially comprises the Group’s four channels Sat.1, ProSieben,

kabel eins and N24, as well as the Sat.1 regional companies, the marketing company SevenOne Media, the subsidiary Pro-SiebenSat.1 Produktion, and the Group’s subsidiaries in Austria and Switzerland. The Free TV International segment includes advertising-financed TV channels in the Netherlands, Belgium, Denmark, Finland, Norway, Sweden, Romania, Bulgaria and Hungary. The Diversification segment pools all subsidiaries that do not generate their income directly from conventional TV advertising revenues; their activities include pay TV, call TV, multimedia, merchandising and radio operations, as well as related print products.

In secondary segment reporting by geographical markets, distinctions are made among the German-speaking region (Germany, Austria, Switzerland), “NL/B” (the Netherlands and Belgium), Nordic (Denmark, Finland, Norway, Sweden), and CEE (Bulgaria, Greece, Romania, Hungary). No comparison figures are shown from the prior year, since revenues for the 2007 comparison period were generated solely in the German-speaking region.

## Segment reporting Q2

EUR k	Free TV					Total consolidated financial statements Q2 2008
	Segment Free TV German-speaking	Segment Free TV International	Total Free TV*	Segment Diversification	Transitions	
Revenues	464,536	216,457	680,993	138,219	-17,351	801,861
External revenues	452,276	214,679	666,955	134,906	- / -	801,861
Internal revenues	12,260	1,778	14,038	3,313	-17,351	- / -
EBITDA Recurring	115,806	54,355	170,161	32,510	1,029	203,700

### Geographical breakdown

EUR k	German speaking	B/NL	Nordic	CEE	Transitions	Total consolidated financial statements Q2 2008
	Revenues	524,180	112,654	136,819	46,262	
External Revenues	508,857	112,654	134,088	46,262	- / -	801,861
Internal Revenues	15,323	- / -	2,731	- / -	-18,054	- / -

EUR k	Free TV					Total consolidated financial statements Q2 2007
	Segment Free TV German-speaking	Segment Free TV International	Total Free TV*	Segment Diversification	Transitions	
Revenues	510,045	- / -	510,045	57,700	-16,134	551,611
External revenues	495,802	- / -	495,802	55,809	- / -	551,611
Internal revenues	14,243	- / -	14,243	1,891	-16,134	- / -
EBITDA Recurring	149,148	- / -	149,148	9,837	111	159,096

\* consolidated

## Segment reporting 1 January to 30 June

EUR k	Free TV					Total consolidated financial statements H1 2008
	Segment Free TV German-speaking	Segment Free TV International	Total Free TV*	Segment Diversification	Transitions	
Revenues	897,558	393,884	1,291,442	275,860	-36,371	1,530,931
External revenues	869,411	390,694	1,260,105	270,826	- / -	1,530,931
Internal revenues	28,147	3,190	31,337	5,034	-36,371	- / -
EBITDA Recurring	173,432	81,873	255,305	36,523	333	292,161

### Geographical breakdown

EUR k						Total consolidated financial statements H1 2008
	German speaking	B/NL	Nordic	CEE	Transitions	
Revenues	1,020,949	199,316	267,408	79,585	-36,327	1,530,931
External Revenues	988,271	199,316	263,759	79,585	- / -	1,530,931
Internal Revenues	32,678	- / -	3,649	- / -	-36,327	- / -

EUR k	Free TV					Total consolidated financial statements H1 2007
	Segment Free TV German-speaking	Segment Free TV International	Total Free TV*	Segment Diversification	Transitions	
Revenues	966,456	- / -	966,456	121,766	-35,428	1,052,794
External revenues	934,361	- / -	934,361	118,433	- / -	1,052,794
Internal revenues	32,095	- / -	32,095	3,333	-35,428	- / -
EBITDA Recurring	219,857	- / -	219,857	21,381	-18	241,220

\* consolidated

### Related party transactions

Apart from the subsidiaries included in the consolidated interim financial statements, in the course of its normal business operations ProSiebenSat.1 Media AG conducts transactions directly or indirectly with affiliated unconsolidated companies and associated companies. In the ordinary course of business, all transactions with companies not included in the scope of consolidation were conducted on prevailing market terms and conditions, such as are also customary with third parties unrelated to the Group.

Harry Evans Sloan is a member of the Supervisory Board of ProSiebenSat.1 Media AG, and the Chairman of the Board of Directors and CEO of Metro-Goldwyn-Mayer Holdings, Inc. (MGM). A number of license agreements were signed between MGM Holdings Inc. and ProSiebenSat.1 Media AG during the period, as part of the normal course of business. The agreements are consistent with prevailing market terms.

No other material reportable transactions under IAS 24 were conducted with related parties during the reporting period.

## RESPONSIBILITY STATEMENT OF THE EXECUTIVE BOARD

To the best of our knowledge, we give assurance that in accordance with the applicable accounting standards for interim reporting, the consolidated interim financial statements give a true and fair picture of the Group's net assets, financial position and results of operations, and the group interim management report presents the development of business, including the results of business and the situation of the corporate Group, in a manner that gives a true and fair picture of the actual circumstances, and describes the material opportunities and risks of the foreseeable development of the Group for the remainder of the fiscal year.

Unterföhring, August 4, 2008

### The Executive Board



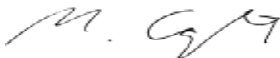
**Guillaume de Posch**  
[CEO]



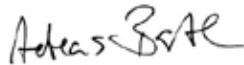
**Axel Salzmänn**  
[CFO]



**Patrick Tillieux**  
[COO]



**Dr. Marcus Englert**  
[New Media]



**Andreas Bartl**  
[German Free TV]

## CERTIFICATION AFTER AUDITORS' REVIEW

### To: ProSiebenSat.1 Media AG, Unterföhring

We have reviewed the condensed interim consolidated financial statements of the ProSiebenSat.1 Media AG, of Unterföhring, comprising the condensed balance sheet, the condensed income statement, condensed cash flow statement, condensed statement of changes in equity and selected explanatory notes - together with the interim group management report of the ProSiebenSat.1 Media AG, of Unterföhring, for the period from January 1 through June 30, 2008 that are part of the semi annual according to § 37 w WpHG. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).

Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, August 4, 2008

KPMG Deutsche Treuhand-Gesellschaft  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft



**Kozikowsky**  
[Auditor]



**Papenberg**  
[Auditor]

## ADDITIONAL INFORMATION

### Financial Calender

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2007 Annual Report	March 28, 2008
Q1 Report 2008	May 8, 2008
2008 Annual General Meeting	June 10, 2008
Q2 Report 2008	August 6, 2008
Q3 Report 2008	November 6, 2008

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#### The ProSiebenSat.1 Group on the Internet

This and other publications are available on the Internet, along with information about the ProSiebenSat.1 Group, at <http://en.prosiebensat1.com/>

#### Forward-looking statements in this Financial Report

The Management Report contains forward-looking statements about expected developments. These statements are based on current estimates and by their nature involve risks and uncertainties. Actual events may deviate from the statements provided here.

## **The Power of television**

The ProSiebenSat. 1 Group is a leading pan-European media company. We offer today`s audience first-class entertainment and up-to-date information - whenever they need it, wherever they need it.