



2007 HALF-YEARLY FINANCIAL REPORT

Advanced Medien AG at a glance

Address	Advanced Medien AG Schellingstrasse 35 80799 Munich
Telephone	0049-(0)89-613 805-0
Fax	0049-(0)89-613 805-55
E-mail	info@advanced-medien.de
Homepage	www.advanced-medien.de
German securities identification number	126218
ISIN	DE0001262186
Listed on the	General Standard
Number of shares as of 01.01.2007	16.239.562
Number of shares after completion of the share buy-back programme from January to March 2007	15,311,587
Closing price 30.06.2007 (Xetra)	EUR 2.81
Market capitalization as of 30.06.2007	EUR 43,025,560
Designated sponsor	VEM Aktienbank AG SAB AG DZ Bank AG

Company calendar

31 August 2007	2007 half-yearly financial report
17 - 20 September 2007	WAEA-Conference (World Airline Entertainment Association), Toronto, Canada
15 November 2007	Interim information on Q3/2007

Key indicators

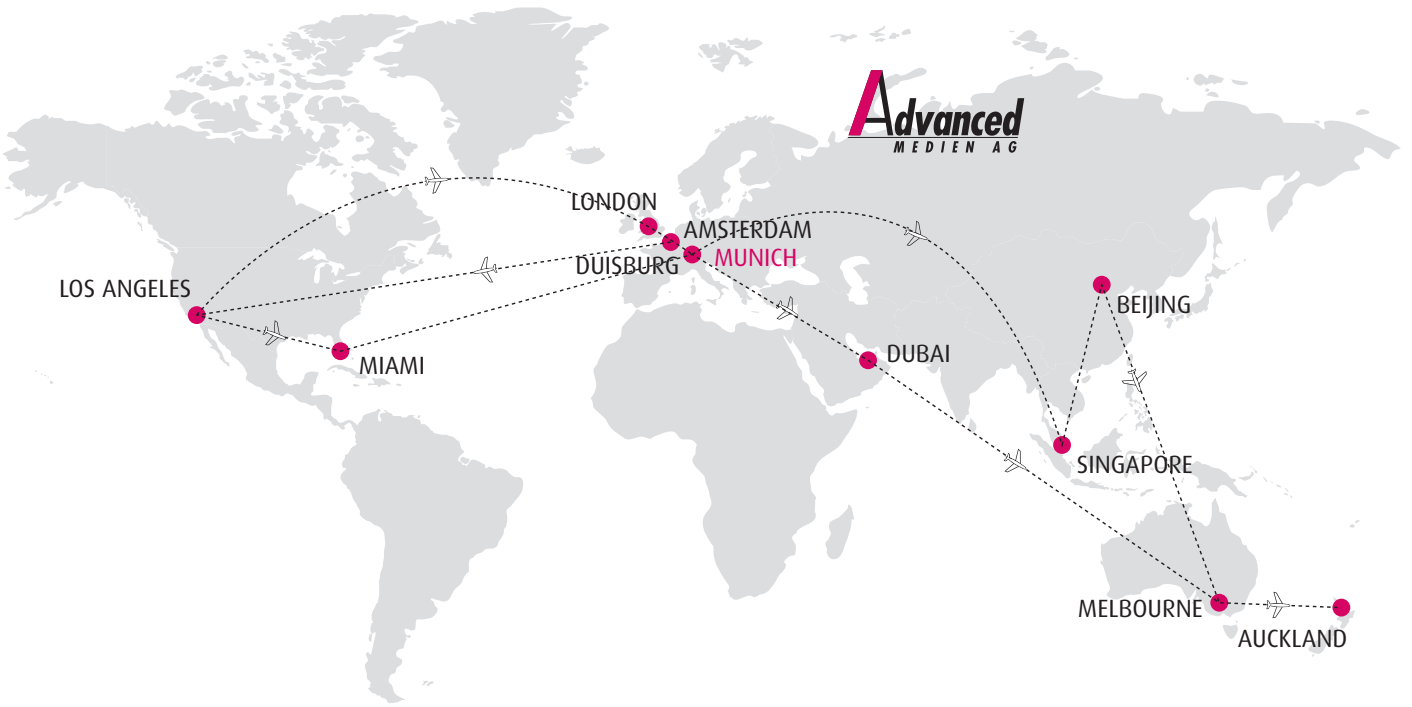
in EUR thousand	01.01.-30.06. 2007	01.01.-30.06. 2006
Revenue	42,170	23,156
EBITDA	3,009	2,326
EBIT	1,479	1,859
Financial result	179	109
EBT	1,128	1,577
Consolidated result for the period (after minority interest)	939	601
Earnings per share in EUR, basic/diluted	0.06	0.04
Number of employees (closing date)	205	190

These half-yearly financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). Differences from rounding may occur in tables when individual items are added. The comparative figures are only of limited use because the subsidiary, Inflight Productions Ltd. (London, UK), was not consolidated until Q2 2006, which means that its sales and earnings in Q1/2006 are not contained in the prior-year figures.

Forward-looking statements

Statements regarding the future development of the Advanced Medien Group and its Group companies merely constitute forecasts and estimates and not established fact. Statements of this nature serve solely to provide information and are characterized by terms such as "believe", "expect", "predict", "intend", "forecast", "plan", "estimate", "expect" or "aim for". These forward-looking statements are based on all identifiable information, facts and expectations currently available to us. Their validity is thus limited to the time of publication.

Actual events and the company's development might differ substantially from the relevant forecasts because forward-looking statements by nature entail uncertainties and risk factors with unpredictable ramifications – such as changes in the economic environment, for instance – or if underlying assumptions do not occur at all or only in part. Advanced Medien AG always endeavours to verify the data that it publishes and to keep it updated. However, the company cannot be liable for adjusting forward-looking statements to events or developments occurring at a later date. Hence we will not assume any liability or warranty, whether express or implied, for the timeliness, accuracy and completeness of these data and information.



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Otto Dauer, Chief Executive Officer

Dear shareholders,

The first half of 2007 was very positive in terms of our sales performance. We were able to increase sales to EUR 42 million. Bear in mind, however, that the sales of our subsidiary, Inflight Productions Ltd. (London, UK), were not included in the consolidated half-year figures for 2006 until the second quarter of that year.

While earnings growth was as expected in the first quarter, earnings declined toward the end of the second quarter. The average profit margin decreased in recent months, especially just before the end of the first half of the year. Major customers naturally obtain better prices than small and medium-size carriers. Just as in the prior year, however, we will do everything in our power in the second half of the year to achieve a satisfactory result for 2007 overall. And we will continue to report on business developments in a manner that is as timely and transparent as possible.

We set our earnings targets too high at the beginning of the year and so were required to inform the capital markets of this situation as quickly as possible in early August. Unfortunately, this release coincided with extremely jittery capital markets overall, triggering a substantial downturn in our share price. However, this setback will not prevent us from continuing to expand our market position and working even harder to fight for our earnings and the company's interests.

We are maintaining our leading market position but are also adjusting to changes in the competitive environment. We would be pleased if you continue to accompany us on this journey along with the international institutional investors that we gained in the first half of this year.

Otto Dauer
Chief Executive Officer

The shares and investor relations

The shares

The German stock market posted gains during the first six months of 2007. The DAX was up 1,326 points, closing at 8,007 points on 30 June 2007. The Prime Media Performance Index also rose by approximately 17% in the first two quarters of the year.

The shares of Advanced Medien AG performed exceedingly well in this climate compared to the Prime Media Performance Index. On 2 January 2007, the share price was EUR 2.05. It reached its high and its low in XETRA trading for the first six months of the year at, respectively, EUR 2.81 and EUR 1.75. The shares were trading at EUR 2.81 on XETRA at the end of the second quarter.

Our ad-hoc release dated 06 August 2007 caused the share price to slide substantially because the profit decline had been unexpected and because two major shareholders had disposed of their interests in whole or in part in regular trading.

Share price performance during the first half of 2007:





Shareholder structure

The share capital of Advanced Medien AG as at 1 January 2007 was EUR 16,239,562.00. It was reduced by EUR 927,975.00 to EUR 15,311,587.00 denominated in the equivalent number of no-par shares after the treasury shares buy back undertaken between January and March 2007 had been recorded in the German commercial register. The company's shares are listed on the General Standard segment of the Frankfurt/Main Stock Exchange. Roughly 70% of the shares were classified as free-floating shares at the end of period date. Based on the information available to the company and information provided through notices in accordance with the German Securities Trading Act (WpHG), the remaining shares are distributed as follows as of the closing date (in %):

	%
KST Beteiligungs AG, Stuttgart	6.4
Universal-Investment-Gesellschaft mbH, Frankfurt/Main	4.7
AXXON S.A., Luxemburg	5.6
Frederik Heidkamp, Köln	5.2
Lupus alpha, Investment S.A., Luxemburg	6.1
Marian von Korff, Ilimmünster	1.5

Directors' holdings as of 30 June 2007

As of the closing date, the following company officers hold shares in Advanced Media AG

Name	Function		Number
Dr. Rüdiger Berndt	Chairman of the Supervisory Board	Himself	71,558
Prof. Dr. Manfred Niewiarra	Vice chairman of the Supervisory Board	Himself	20,790
Wolfgang Rück	Member of the Supervisory Board	Himself	149,526
Wolfgang Rück	Member of the Supervisory Board	Family members	64,261
Otto Dauer	Chief executive officer	Himself	141,000
Otto Dauer	Chief executive officer	Family members	1,000

Investor Relations

As usual, the Management Board and the company's Investor Relations Department stayed in close contact with analysts, investors and the press during the first six months of 2007. The company conducted road shows in Frankfurt/Main, Zurich and London in the spring, generating much interest among institutional investors.

The company has updated its website and added additional information sections.

DZ Bank AG published an initial coverage report on Advanced Medien AG; German Business Concepts has also prepared a study on the company

Dates:

Financial calendar	
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Group Interim Management Report

Economic environment

The world economy continued to trend upward in 2007, borne aloft particularly by the dynamic development of Asian emerging markets. The expert opinion by the five leading economic research institutes in Germany, published in mid-April, expects the gross domestic product (GDP) to grow worldwide by more than 3.5% in 2007.

A growth rate of 2.7% is expected for the European Union in 2007. These economic experts expect the German GDP to expand by 3.2% in 2007 (source: Institut für Weltwirtschaft - IfW), driven by a solid upswing that is increasingly also based on private consumption. It remains to be seen to what extent the crisis in the US real estate sector and the resulting tightening in the German capital markets will affect the overall economy.

Industry-specific environment

The worldwide economic upswing has also stimulated the aviation industry. According to data provided by IATA, passenger volume increased by 6.5% in the first five months of the year. In the first half of the calendar year, the average price of one barrel (159 litres) of Brent oil – which is critical to airlines – was USD 63.65, down from USD 66.57 the previous year. However, as at 30 June 2007 the price of oil had once again risen to USD 71.41 per barrel.

The aviation industry expects the international passenger volumes to continue to rise by 6.5% for the year. The growth of the general passenger volume is an important indicator of the growth of business in the supplier industry and thus also of the firms supplying carriers with inflight entertainment (IFE).

Development of the business

The company's growth in the second half of the year and beyond remains promising even though earnings growth in the first six months of 2007 failed substantially to meet expectations and did not keep pace with the increase in sales. We expect our negotiating position vis-à-vis licensors to improve somewhat in the future due to our rising procurement volume, taking a certain lag into account.

One reason for the sales growth was the consolidation of Inflight Productions Ltd. (London, UK) for the entire six-month period, and another was the general increase in long-distance air travel and the related increase in our customers' flight volumes.

For competitive reasons, we had to contend with price reductions vis-à-vis a few major customers (whose contracts were extended in the second quarter) as well as major new customers, and we have been unable to date to offset these reductions on the procurement side and by streamlining our operations. We plan to both address this issue in upcoming negotiations with US licensors whose contracts are falling due and enhance intragroup synergies.

Structurally, our contracts with individual US licensors are not identical to each other. Hence it does affect our earnings if films from licensors offering more advantageous terms sell better than those from licensors whose procurement prices are less advantageous for us. Unfortunately, the quality of the films offered by licensors with whom we have been able to stipulate better terms was weaker in the first six months of 2007 than in the prior-year period, further contributing to the downturn in earnings.



The management of our subsidiary, Inflight Productions Ltd. (London, UK), and its subsidiary, Inflight Productions Inc. (Los Angeles, California, USA), has been revamped but the effects of this restructuring will not be felt until the third quarter of 2007. A new managing director was appointed in the United States and a new finance director was hired in London.

Our joint customer base, which has become quite large in the meantime, has improved our negotiating position vis-à-vis the studios such that we are able to offset lower profit margins through better terms in the long term. We have substantially intensified our activities in connection with both the establishment of a central procurement department for inflight film rights domiciled in Germany and our efforts to tap synergies within the Group.

Share buy-back programme

The share buy-back programme was completed on March 13, 2007. A total of 927,975 own shares were purchased at a net purchase price (excluding commissions) of EUR 1,846 thousand. The treasury shares were cancelled effective 2 May 2007. After cancellation of the shares and entry into the commercial register, the share capital is EUR 15,311,587.00.

The resolution giving authority for the treasury share buy-back until 10 May 2007, which had been adopted by the Annual General Meeting on 11 November 2005, was legally challenged by means of actions for annulment. These lawsuits were dismissed in the first instance but the ruling is not yet final because the claimant has appealed against it. The appeal is pending. However, even if this judgment were to be revoked, nothing would change in regards to the reduced share capital of EUR 15,311,587.00 because the relevant shares have already been cancelled.

Proceeds from participation in the Preferred Pooled Shares ("PREPS") financing programme

In February 2007, Advanced Medien AG received EUR 2 million from its participation in a financing programme underwritten by Capital Efficiency Group AG (Zug, Switzerland). This financing programme has a term of seven years. It is earmarked to help finance future acquisitions.

Profit and loss transfer agreement between Advanced Medien AG and Atlas Air Film + Media Licensing GmbH (Duisburg, Germany)

This item on the agenda of the 2006 Annual General Meeting was challenged. However, the profit and loss transfer agreement was already recorded in the German commercial register in December 2006 pursuant to an application for release and the resulting ruling of the Munich Landgericht I (Regional Court).

The Munich Oberlandesgericht (Upper Regional Court) handed down a judgment on 12 March 2007, finally dismissing the appeal that had been filed against the ruling of the court of first instance granting the release.

This resolution of the 2006 Annual General Meeting was successfully challenged by a ruling in the first instance on 16 August 2007. However, even though this ruling is not final, it would not undermine the legality of the resolution of the Annual General Meeting, given the ruling on 12 March 2007 regarding the release.

Settlement with VGF GmbH Verwertungsgesellschaft für Nutzungsrechte an Filmwerken mbH (Wiesbaden, Germany)

Effective 28 March 2007, Advanced Medien AG, Advanced Film GmbH and TSC Technische Systeme Consult GmbH i.L. [in liquidation] (all three in Munich, Germany) concluded a settlement with VGF GmbH Verwertungsgesellschaft für Urheberrechte an Filmwerken mbH ("VGF") regarding VGF's claims against TSC Technische Systeme Consult GmbH i.L. Advanced Film GmbH entered into the contract with VGF as part of this settlement. This means that future proceeds from royalty claims will flow to Advanced Film GmbH.

Results of operations

Sales

The Advanced Medien Group posted sales of EUR 42.2 million in the first six months of 2007, up from EUR 23.2 million the prior year. Bear in mind, however, that the sales of our subsidiary, Inflight Productions Ltd. (London, UK), were not included in the consolidated half-year figures for 2006 until the second quarter of that year.

The positive increase in sales was due to the expansion of business with several existing and new customers of the Inflight Productions Group – primarily in Asia, Australia and North America.

EBITDA

Earnings of the Advanced Medien Group before interest, taxes, depreciation and amortization (EBITDA) were EUR 3,009 thousand in the first six months of 2007, up from EUR 2,326 thousand the previous year. Bear in mind here too that the figures can be compared only to a limited extent because the prior-year figures do not include the Q1/2006 earnings of the subsidiary Inflight Productions Ltd. (London, UK).

EBIT

Earnings before interest expense and taxes (EBIT) declined in the first six months of 2007 to EUR 1,479 thousand (previous year: EUR 1,859 thousand). And, again, comparisons to the prior year are of limited value, analogous to sales and EBITDA.

Net income for the period

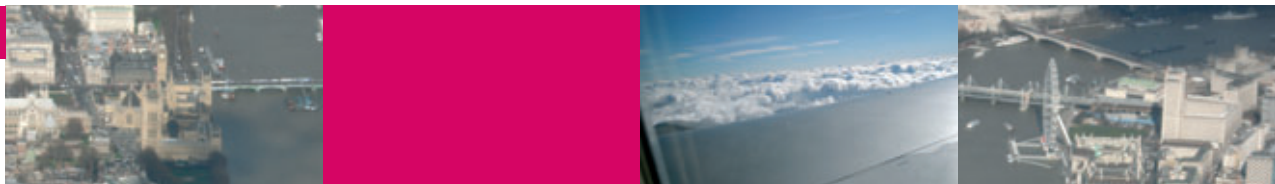
The net income for the first six months of 2007 rose to EUR 939 thousand, up from EUR 601 thousand the prior year. Net income in the previous year was impacted by a much higher income tax liability. The comparative figures are of limited use because the earnings of the subsidiary, Inflight Productions Ltd. (London, UK), in the first quarter of 2006 were not consolidated.

Earnings per share

Earnings per share at 30 June 2007 were EUR 0.06, up from EUR 0.04 the prior year and hence did not meet our expectations for the first six months of 2007.

Other operating income

Other operating income rose to EUR 843 thousand (previous year: EUR 385 thousand) due to the reversal of individual provisions and, to a lesser extent, a slight increase in rental income.



Cost of materials

Material costs rose to EUR 30.4 million, compared to EUR 15.8 million the prior year. The aforementioned caveats regarding comparisons also apply to any analysis of this increase in absolute terms. Expressed in percentages, material costs developed negatively relative to sales, rising from 68% to 72% of sales and triggering a proportional decline in gross profits. This is due to tighter profit margins in the first six months of 2007 compared to the same period the previous year.

Staff costs

Staff costs rose substantially to EUR 5,739 thousand (previous year: EUR 3,455 thousand). Once again, note the caveat in regard to any analysis of the numbers in absolute terms. However, expressed in percentages, staff costs fell to 13.6% of sales compared to 14.9% the prior year.

Depreciation, amortization and impairment losses

Depreciation, amortization and impairment losses in the period were EUR 1,530 thousand, up from EUR 467 thousand the prior year. They largely comprise amortization of EUR 389 thousand on the customer base, depreciation of EUR 327 thousand on property, plant and equipment as well as amortization and writedowns of EUR 782 thousand on film assets, EUR 107 thousand of which are from impairment losses.

Other operating expenses

Other operating expenses in the first six months of 2007 were EUR 4,364 thousand, up from EUR 2,371 thousand the prior year. As above, comparisons with the prior-year period are of limited use. In percentage terms, compared to the prior year, the increase in other operating income matched the increase in sales.

Income taxes

Income taxes fell to EUR 178 thousand in the first six months of 2007 (previous year: EUR 955 thousand) because, contrary to the prior year, earnings before taxes were largely achieved in Germany.

Financial result

The financial result improved in the first six months of 2007 to EUR 179 thousand, up from EUR 109 thousand the prior year.

Financial position and net assets

Net assets fell to EUR 65.3 million as at 30 June 2007, from EUR 75.9 million as at 31 December 2006. The reduction by EUR 10.6 million is due largely to the repayment of EUR 12.7 million in purchase price liabilities to former shareholders of Inflight Productions Ltd. (London, UK) from the time deposits that were established and are available at all times for that purpose.

Assets

Non-current assets have declined in particular due to amortization of EUR 1,423 thousand and impairment losses of EUR 107 thousand on film assets.

At 30 June 2007, cash and cash equivalents had risen to EUR 16.5 million (31 December 2006: EUR 14.8 million).

Equity and liabilities

Equity declined to EUR 26.5 million at 30 June 2007 despite positive income for the first half of the year (31 December 2006: EUR 27.8 million) because the shares that were repurchased in connection with the treasury shares buy back programme during the first six months of 2007 were cancelled on 02 May 2007. Cancelling the treasury shares reduced the subscribed capital by EUR 927,975.00 to EUR 15,311,587.00 and the retained earnings by EUR 918 thousand.

Total non-current liabilities rose to EUR 4.9 million as at 30 June 2007, up from EUR 3.3 million as at 31 December 2006. This was due primarily to the EUR 2.0 million loan Advanced Medien AG has obtained from a financing programme underwritten by the Capital Efficiency Group AG (Zug, Switzerland).

Total current liabilities fell to EUR 33.8 million, down from EUR 44.8 million at the close of the prior financial year. The decline by EUR 11.0 million is due to the repayment of liabilities in the amount of EUR 12.7 million from other financial assets earmarked for this purpose. This concerns promissory notes issued in connection with purchase price liabilities related to the former shareholders' interests in Inflight Productions Ltd. (London, UK). At 30 June 2007, the remaining promissory notes and thus the relevant cover by means of time deposits amount to EUR 4.3 million.

Cash flow statement

The positive cash flow of EUR 1,93 thousand from operating activities results mainly from depreciation, amortization and writedowns as well as the net income for the period.

While the payment of promissory notes given to former shareholders of Inflight Productions Ltd. (London, UK) via time deposits established to that end led to positive cash flow from investing activities, it also had a negative effect on cash flow from financing activities.

Cash and cash equivalents rose from EUR 14.8 million as at 31 December 2006 to EUR 16,5 million as at 30 June 2007.

Staff

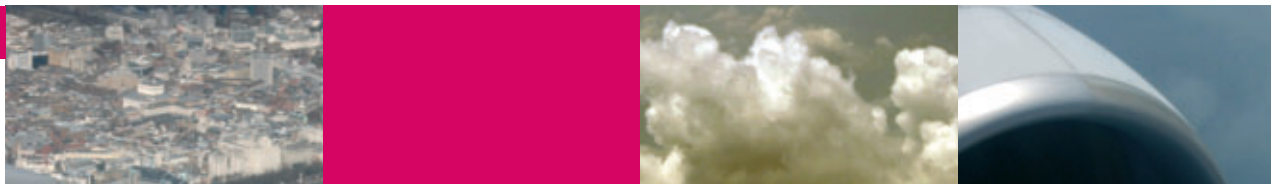
The Advanced Medien Group had 205 employees as at 30 June 2007 (previous year: 190 employees).

Risks and rewards

The activities of Advanced Medien AG and its subsidiaries are always influenced by a multiplicity of risks and rewards, given the overall competitive climate in the Group's own industry niche as well as intense competition among both the carriers themselves and US licensors.

There have been no changes with respect to the risks enumerated on p. 20 et seq of the 2006 annual report in the section entitled "Key individual risks", specifically, external risks, financial risks and strategic risks, nor do we expect any event that would increase these risks, to the extent foreseeable.

In the first six months of 2007, the operating risk arising from the intense competition between (and size differences among) major airlines (our customers) and major US licensors (20th Century Fox, Warner Bros., Buena Vista/Disney, Universal/Sony) caused income to decline, especially from our British subsidiary's major customer segment, in turn triggering a sales increase with concurrent unsatisfactory earnings growth. Our contracts with a number of major US customers will expire in the second half of 2007 and must be exten-



ded. We cannot predict profits in the second half of the year with any degree of certainty because we are anticipating counter developments, i.e. increases in some earnings offset by declines in earnings elsewhere.

We have decided to streamline and reconstitute the management team of Inflight Productions Ltd. (London, UK) in the second half of the year in order to enhance its efficiency. This will entail a reduction in the number of executive directors and a stronger role for both the Management Board and the Finance Department of Advanced Medien AG.

The substantial increase in sales and the resulting expansion of the company's market position will create greater opportunities for the Advanced Medien Group to improve earnings in both the second half of 2007 and in 2008 – notwithstanding the negative effect of the operating risk on income in the first six months of the year – provided the Group translates these developments into tangible successes.

In addition, a solid balance sheet and the excellent liquidity of the Advanced Medien Group also offer opportunities for easily implementing suitable acquisitions aimed at pushing the Group's growth, especially in terms of income.

Note that the litigation which challenged certain resolutions adopted by the Annual General Meeting on 2 July 2007 concerns not just the approval of the actions of the Management Board and the Supervisory Board in the 2006 financial year but also the stock option plan that was aimed at providing further incentives to management as well as the resolutions regarding the allocation of profits, the treasury share buy-back programme and the election of the auditor.

No risks that would undermine the company as a going concern have arisen since the 2006 annual report was published or at any other time during the first six months of 2007.

Events after the balance sheet date

Annual General Meeting on 2 July 2007

This year's Annual General Meeting was held in Munich, Germany, on 2 July 2007. A total of 30.8% of voting shares was present. All agenda items, among them the amendment of the Articles of Association concerning the corporate name change to "Advanced Inflight Alliance AG", were adopted by more than 90% of all votes cast.

This year certain shareholders and proxies declared their opposition to all agenda items at the close of the Annual General Meeting. One shareholder, who also serves as a proxy, has filed an annulment action against resolutions that were adopted by the Annual General Meeting. The resolutions being challenged concern the allocation of profits, the approval of the actions of both the Management Board and the Supervisory Board in the 2006 financial year, the authorization to buy back treasury shares, the authorization regarding the establishment of a stock option plan, the election of the auditor and the compensation of the Supervisory Board members for the 2006 financial year.

Ad hoc release dated 6 August 2007 on the profit decline:

We notified the public and our shareholders by means of an ad-hoc notice and the Shareholder Letter of the same date of the decline in profits compared to previously published targets for the current financial year. This arose from lower profit margins due to both intensified competition and cost increases.

Changes in the shareholder structure

On 7 August 2007, the company received two notices pursuant to Section 26 German Securities Trading Act which were published immediately. According to these notices, KST Beteiligungs AG has reduced its interest in Advanced Medien AG to 3.6% of the voting shares (i.e. below the 5% threshold) as a result of disposals. Mr Frederik Heidkamp has disposed of all of his voting shares, thus falling below the 3% threshold, and is no longer a shareholder of Advanced Medien AG. The company did not receive any other notifications of this nature.

Ruling in the first instance on the lawsuits seeking to annul the resolutions of the Annual General Meeting on 28 August 2006:

The actions for annulment of the resolutions granting approval to both the Management Board and the Supervisory Board for their actions in the 2005 financial year, the authorized capital and the approval of the profit and loss transfer agreement between Advanced Medien AG and Atlas Air Film + Media Licensing GmbH (Duisburg, Germany) were upheld. The suits challenging the amendment of the Articles of Association in connection with the Supervisory Board's variable compensation and the election of the auditor for the 2006 annual financial statements were dismissed. This ruling is not final and we cannot preclude the possibility that both the claimant and the respondent will appeal it.

However, the profit and loss transfer agreement was declared valid by a court and recorded in the German commercial register in December 2006. Hence not even a ruling in the second instance in favour of the appellant could undermine the agreement's legal status.

Adoption of internal compliance rules

Compliance rules applicable to the entire Advanced Medien Group were prepared in order to keep track of processes relevant to compliance issues and analyze them in a suitable form. These rules also establish a reporting chain from the compliance officers directly to the Supervisory Board.

Forecasts and other statements on the Group's probable development

The Management Board expects Group sales of EUR 80 to 85 million for 2007. However, the forecast for earnings per share for 2007 is lowered to between EUR 0.13 and EUR 0.16 per share.

Advanced Medien AG, Munich, Germany Consolidated Statement of Income (IFRS)

	Jan. 01 – June 30, 2007	Jan. 01 – June 30, 2006
	EUR	EUR
Sales revenue	42,170,072.34	23,156,301.05
Other operating income	842,923.47	384,725.78
Material costs	-30,431,325.57	-15,780,479.85
Staff costs	-5,738,848.87	-3,454,977.18
Depreciation and amortization	-1,529,676.13	-467,125.57
Other operating expenses	-4,364,458.52	-2,370,461.22
Net income from operating activities	948,686.72	1,467,983.01
Finance income	530,286.55	391,214.70
Finance costs	-350,814.55	-282,409.83
Net income from financing and investment activities	179,472.00	108,804.87
Income/(loss) before taxes	1,128,158.72	1,576,787.88
Taxes on income	-177,982.29	-954,565.48
Minority interest	-11,474.63	-21,346.69
Net income	938,701.80	600,875.71
Earnings per share basic / diluted	0.06	0.04
Average number of shares (basic)	15,931,946	14,778,386
Average number of shares (diluted)	15,931,946	14,778,386
Number of weighted stock options	0	0

Advanced Medien AG, Munich, Germany
Consolidated Balance Sheet (IFRS)

Assets	June 30, 2007 EUR	Dec. 31, 2006 EUR
Non-current assets		
Intangible assets:		
- Film rights	2,870,525.74	3,663,611.75
- Goodwill	11,216,539.51	11,243,426.40
- Other intangible assets	4,600,126.24	5,021,380.92
Property, plant and equipment		
- Land and buildings	983,893.89	993,486.11
- Furniture, fixture and fittings	1,182,366.12	1,352,851.33
Financial assets:		
- Investments	2,390,932.82	2,390,871.70
- Other financial assets	79,247.04	111,513.34
Deferred tax assets	1,773,015.28	1,655,555.54
Total non-current assets	25,096,646.64	26,432,697.09
Current assets		
Film rights	523,697.37	880,807.66
Trade receivables	15,597,092.40	13,560,950.96
Current income tax assets	262,650.96	319,161.60
Other financial assets	4,271,267.12	16,948,645.92
Cash and equivalents	16,446,355.69	14,778,444.64
Other assets	3,041,344.22	2,977,179.78
Total current assets	40,142,407.76	49,465,190.56
TOTAL ASSETS	65.239.054,40	75.897.887,65

Equity	June 30, 2007 EUR	Dec. 31, 2006 EUR
Equity and Liabilities		
Equity attributable to equity holders of the parent		
Issued capital	15,311,587.00	16,239,562.00
Capital reserves	6,896,321.08	7,103,814.62
Retained earnings	4,812,236.70	4,791,828.31
Other recognized gains and losses	-562,710.61	-459,610.83
	26,457,434.17	27,675,594.10
Minority interest	0,00	154.514,58
Total equity	26.457.434,17	27.830.108,68
Non-current liabilities		
Financial liabilities	2.196.662,01	366.651,65
Deferred tax liabilities	2.737.301,63	2.933.931,79
Total non-current liabilities	4.933.963,64	3.300.583,44
Current liabilities		
Other provisions	106.632,11	504.000,00
Current income tax liabilities	640.467,06	595.224,11
Financial liabilities	4.426.646,86	17.179.163,65
Trade payables	22.073.404,32	21.554.152,58
Other liabilities to affiliates	35.841,77	35.792,36
Other liabilities	6.564.664,47	4.898.862,83
Total current liabilities	33.847.656,59	44.767.195,53
TOTAL EQUITY AND LIABILITIES	65.239.054,40	75.897.887,65

Advanced Medien AG, Munich
Statement of Changes in Net Equity Including Minority Interest (IFRS)

	Parent company						
	Issued capital (No-par value shares)		Capital reserves	Retained earnings	Other recognized gains and losses		
	Number	EUR	EUR	EUR	Adjustments from foreign currency translation	Other neutral transactions	Total
					EUR	EUR	EUR
Balance as of December 31, 2005	9,279,750	9,279,750.00	745,516.21	1,583,485.47	107,701.68	0.00	107,701.68
Issue of shares	6,959,812	6,959,812.00	6,611,821.40				
Acquisition/collection of treasury shares							
Dividend payments							
Changes in companies consolidated							
Other changes			-299,759.56		-489,803.97		-489,803.97
Net income/(loss)				600,875.71			
Other group income							
Total recognized results				600,875.71			
Balance as of June 30, 2006	16,239,562	16,239,562.00	7,057,578.05	2,184,361.18	-382,102.29	0.00	-382,102.29
Balance as of December 31, 2006	16,239,562	16,239,562.00	7,103,814.62	4,791,828.31	-459,610.83	0.00	-459,610.83
Issue of shares							
Acquisition/collection of treasury shares	-927,975	-927,975.00	-9,367.42	-918,293.41			
Dividend payments							
Changes in companies consolidated							
Acquisition of minority interest			-198,126.12				
Other changes					-119,747.78	16,648.00	-103,099.78
Net income/(loss)				938,701.80			
Other group income							
Total recognized results				938,701.80			
Balance as of June 30, 2007	15,311,587	15,311,587.00	6,896,321.08	4,812,236.70	-579,358.61	16,648.00	-562,710.61

Advanced Medien AG, Munich
Consolidated Cash Flow Statement (IFRS)

	Jan. 01 – June 30, 2007	Jan. 01 – June 30, 2006
	EUR thsd.	EUR thsd.
Net Income	939	601
+ / - Depreciation and amortization of non-current assets	1,529	467
+ / - Changes in deferred taxes	-314	-461
+ / - Other non-cash income and expense items	0	41
+ / - Changes in provisions	-396	1,600
- / + Changes in other assets from operating activities	-1,801	-714
+ / - Changes in other liabilities from operating activities	1,972	-4,365
= Net cash provided by operating activities	1,929	-2,831
+ Cash received for the disposal of property, plant and equipment and other intangible assets	6	10
- Investments in property, plant and equipment and other intangible assets	-152	-25
- Investments in film assets	0	-75
- Expenditure in companies consolidated, net of cash acquired	0	-5,302
- Expenditure for investments	0	0
+ / - Changes of other financial assets	-12,678	-18,352
= Net cash used for investing activities	-12,824	-23,744
+ Proceeds from financial loans	14,572	18,352
+ Proceeds from capital increase by stockholders	0	13,572
- Repayment of loans	-139	-850
- Purchases of own shares	-1,856	0
= Net cash provided by financing activities	12,577	31,074
= Changes in cash and cash equivalents	1,682	4,499
+ / - Changes in cash and cash equivalents due to currency translation	-14	-69
+ Cash and cash equivalents as at January 1	14,778	6,815
= Cash and cash equivalents as at June 30	16,446	11,245
Composition of cash and cash equivalents as at June 30	16,446	11,245

Notes to the interim consolidated financial statements

(selected disclosures)

1. Accounting principles and basis of consolidation

a) General principles

Advanced Medien AG prepared these consolidated interim financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the relevant interpretations offered by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU, as well as in accordance with the provisions of the German Securities Trading Act. The present consolidated interim financial statements also are in accord with the requirements of IAS 34, taking Section 37w of the German Securities Trading Act into account.

The following standards were applied for the first time in the interim consolidated financial statements as of 30 June 2007:

Amendment to IAS 1	Capital Disclosures
IFRS 7	Financial Instruments Disclosures
IFRIC 7	Applying the Restatement Approach under IAS 29
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment

The application of the above standards has no material effects on the presentation of the net assets, financial position and results of operations of the Advanced Medien Group.

The standards and interpretations enumerated below, which were published by the IASB and/or the IFRIC for 2006 and/or 2007, are not binding on Advanced Medien AG for its interim consolidated financial statements as at 30 June 2007:

IFRS 8	Operating Segments
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
Amendment to IAS 23	Borrowing Costs

The Management Board does not expect any substantial revisions of the aforementioned standards and interpretations by the time they become binding.

Regular expenses during the financial year are accrued, while expenses on an irregular basis are recognized or accrued in the half-yearly report only to the extent that such inclusion or accrual would also be appropriate at the close of the financial year.

The current half-yearly report must be read in conjunction with the consolidated financial statements of Advanced Medien AG for the 2006 financial year. The disclosures contained therein also apply to the 2007 interim financial statements unless specified otherwise. The results for the first six months of 2007 are not necessarily an indicator of the results to be expected for the year.

Individual comparative figures for the previous year were restated pursuant to IAS 8 in light of an error.

An error as defined in IAS 8 arose in connection with the measurement of the fair value of the film rights in the 2006 financial year because individual film rights were measured at a fair value that exceeded the original cost. The adjustment of this error in the financial statements for 2006 must be recognized directly in equity in the 2007 financial year. The adjustments are as follows:

	Before error correction	Error correction	After error correction
	EUR thsd.	EUR thsd.	EUR thsd.
Film rights	4,162	(498)	3,664
Retained earnings	5,290	(498)	4,792

b) Basis of consolidation

At 30 June 2007, there were no changes in the basis of consolidation of the Advanced Medien Group versus 31 December 2006.

On 20 March 2007, Inflight Productions Ltd. (London, UK) – a wholly-owned subsidiary of Advanced Medien AG – took over the remaining 49% of 28 Ltd. (London, UK). It now owns 100% of the company, which was already consolidated in the 2006 financial year because it was a majority interest. The purchase price was GBP 245,000.

Advanced Inflight Entertainment Ltd. (Bristol, UK) was renamed Advanced Inflight Alliance Ltd. on 18 July 2007.

2. Selected balance sheet disclosures

a) Non-current film rights

Amortizations of EUR 675 thousand and impairment losses of EUR 107 thousand were taken on film rights classified as intangible assets. The impairment losses were necessary because non-current film rights originating from the licensing business in the Inflight Entertainment segment are not marketable in the current environment.

b) Current financial assets

It was agreed with the former shareholders of Inflight Productions Ltd. (London, UK) in connection with the acquisition of the company that a large portion of their shares would be paid via promissory notes. Because these purchase price liabilities have largely been discharged with the help of time deposits, financial assets have been reduced correspondingly by EUR 12.7 million. Promissory notes in the amount of EUR 4.3 million are outstanding as at 30 June 2007 and are backed by equivalent time deposits.

c) Equity

The share buy-back programme that had been resolved by the Annual General Meeting on 11 November 2005 was executed between 11 January 2007 and 13 March 2007. A total of 927,975 shares was purchased at a total cost of EUR 1,861,880.77. These shares have been cancelled and the share certificates were destroyed in May 2007. The share capital was reduced accordingly by EUR 927,975 to EUR 15,311,587.00. The difference between the cancelled shares' notional value and their purchase price was charged against retained earnings, while additional costs were charged to capital reserves.

The Advanced Medien Group engages in USD hedging transactions with maturities of less than one year to reduce foreign exchange risks in connection with its activities. At the closing date, two foreign exchange contracts were open and recognized directly in equity.

d) Interests of other shareholders

On 20 March 2007, Inflight Productions Ltd. (London, UK) acquired the remaining 49% of 28 Ltd. (London, UK) – a company that had already been consolidated the previous year – for a purchase price of GBP 245,000, bringing its interest to 100%. Hence this acquisition is not treated as an additional asset (entity method) but rather as a pure equity transaction. Other shareholders' interest in the amount of EUR 162 thousand was derecognized and the difference from the purchase price of EUR 198 thousand was recognized as a reduction in capital reserves.

e) Financial liabilities

Long-term mezzanine funding in the form of PREPS from CEG Capital Efficiency Group (Zug, Switzerland)

On 7 March 2007, the mezzanine funding of EUR 2 million for which CEG had applied was paid out. This involved a rating of the Advanced Medien Group by an internal rating agency, which produced a positive outcome. The funding will be used to co-finance future acquisitions and must be repaid in a single sum after seven years. The loan is therefore shown under non-current financial liabilities. The interest is 8.8% per annum. A payment of 1% p.a. must be made each year and interest of 7.8% on the principal must be paid every quarter.

Promissory notes

The promissory notes issued to the former shareholders of Inflight Productions Ltd. (London, UK) are recognized in current liabilities. Three of the four former shareholders have already collected on their promissory notes and have been paid off. The outstanding promissory notes now amount to EUR 4.3 million, which is equivalent to the time deposits shown in other current financial assets.

3. Related-party transactions

In large part, the purchase price for the shares in Inflight Productions Ltd. (London, UK) was paid by means of promissory notes issued to the company's former shareholders, which may be made due and payable at any time. The former shareholders of Inflight Productions Ltd. (London, UK) are still active as executive directors. The agreed terms were handled as stipulated in the agreement and at market conditions. We expect all promissory notes to be redeemed in full by the 2008 financial year at the latest.

Intra-Group transactions between the operating subsidiaries and Advanced Medien AG were conducted at arm's length.

Mr Wolfgang Rück, member of the Supervisory Board, simultaneously serves on the Management Board of Süddeutsche Aktienbank AG (Stuttgart, Germany), which provided designated sponsoring for Advanced Medien AG in 2007. Expenses of EUR 10.0 thousand were incurred in this connection in the first six months of 2007 (previous year: EUR 2.0 thousand). The contract has been terminated amicably effective 1 December 2007.

Dr Rüdiger Berndt, Chairman of the Supervisory Board of Advanced Medien AG, provided legal services to the Advanced Medien Group in the first two quarters of 2007 for a total of EUR 32 thousand; all of these transactions were effected at market rates.

There were no transactions in the reporting period between Advanced Medien AG and Telcast Media Group GmbH (Munich, Germany), in which the former holds a stake of 25.1%.

All transactions of Advanced Medien AG with TSC Technische Systeme Consult GmbH i.L. (Munich, Germany), a wholly-owned subsidiary that has not been consolidated, remain insubstantial and serve solely to liquidate the company.

4. Segment reporting

Die wesentlichen Kennzahlen der Segmente sind

2006	Inflight Entertainment	Other licensing business	Other	Effects of consolidation	Group
	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.	EUR thsd.
1st half-year 2007					
External sales	41,915	255	0	0	42,170
Intra-Group sales	0	2	0	-2	0
Revenue	41,915	257	0	-2	42,170
Segment result	1,352	-237	-164	-2	949
1st half-year 2006					
External sales	22,973	182	1	0	23,156
Intra-Group sales	0	13	0	-13	0
Revenue	22,973	195	1	-13	23,156
Segment result	2,477	64	-1,060	-13	1,468

(Previous year's figures were adapted)

5. Other disclosures

a) Earnings per share

Earnings per share (EPS) for the first six months of 2007 were EUR 0.06. Note in this connection that the weighted number of outstanding shares is relevant to the determination of EPS. This effect must be taken into account because the total number of shares of Advanced Medien AG has declined due to the retirement of treasury shares.

b) Contingent receivables and contingent liabilities

There are additional contingent receivables from VGF above and beyond those that have already been paid due to claims related to film use rights but neither the amount nor the time of payment are sufficiently certain.

c) Corporate boards

Management Board:

Otto Dauer, Munich, Germany
(certified banking specialist)

Supervisory Board:

Dr. Rüdiger Berndt, Munich, Germany
(Lawyer)
Chairman of the Supervisory Board

Prof. Dr. Manfred Niewiarra, Rietberg, Germany

(Lawyer)

Vice chairman of the Supervisory Board

Further Supervisory Board positions:

bitop Aktiengesellschaft für biotechnische Optimierung, Witten, Germany

Oemus Media AG, Leipzig, Germany

DMK Deutsche Medienkapital AG, Berlin, Germany

DeuKap Deutsche Kapitalanlagen Holding AG, Düsseldorf

Wolfgang Rück, Waiblingen, Germany

(Qualified banker and member of the Management Board of KST Beteiligungs AG, Stuttgart, Germany, and Süddeutsche Aktienbank AG, Stuttgart, Germany)

Member of the Supervisory Board

Further Supervisory Board positions:

Infinigate AG, Oberhaching, Germany

Struktur AG, Stuttgart, Germany

RCM Beteiligungs AG, Sindelfingen, Germany

Thomas Rathgeb, Munich, Germany

(Lawyer)

Supplementary member of the Supervisory Board

Advanced Medien AG

Munich, Germany, 24 August 2007

The Management Board

Statement of Responsibility

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

Otto Dauer

Chief executive Officer

Auditors' report

To Advanced Medien Aktiengesellschaft, Munich, Germany

"We have reviewed the condensed interim consolidated financial statements – comprising the balance sheet, income statement, condensed cash flow statement, statement of changes in equity and selected explanatory notes – and the Group interim management report of Advanced Medien Aktiengesellschaft, Munich, Germany, for the period from 1 January to 30 June 2007, which are part of the half-yearly financial report pursuant to Section 37w WpHG [German Securities Trading Act]. The preparation of the condensed consolidated interim financial statements in accordance with the IFRS as adopted by the EU and of the Group interim management report in accordance with the provisions of the German Securities Trading Act applicable to group interim management reports is the responsibility of company's Management Board. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and the Group interim management report based on our review.

We performed our review of the condensed consolidated interim financial statements and the Group interim management report in accordance with 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 consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as applicable in the EU and that the Group interim management report has not been prepared, in material respects, in accordance with the provisions of the German Securities Trading Act applicable to group interim management reports. A review is limited primarily to inquiries of company employees and analytical evaluation and therefore does not provide the assurance attainable in a financial statements audit. Since, in accordance with our engagement, we have not performed a financial statements audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as applicable in the EU nor that the Group interim management report has not been prepared, in material respects, in accordance with the provisions of the German Securities Trading Act applicable to group interim management reports."

Munich, Germany, 24 August 2007

Dr. Kleeberg & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Petersen
Wirtschaftsprüfer
[German Public Auditor]

Schöllhorn
Wirtschaftsprüfer
[German Public Auditor]

Publishing Information

Editor:

Advanced Medien AG
Schellingstraße 35
80799 München
Germany

Contact:

info@advanced-medien.de
www.advanced-medien.de

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