



HALF-YEAR REPORTING 2005

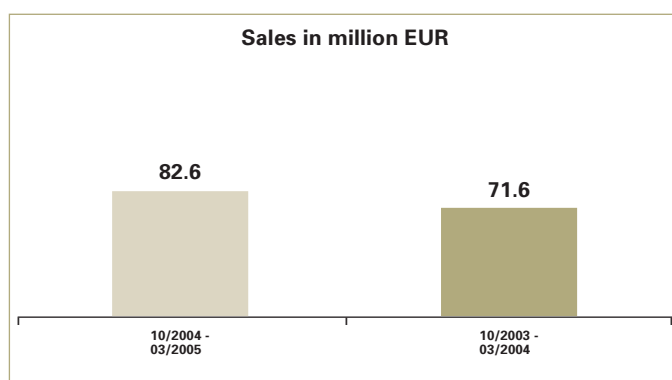
CONSOLIDATED BALANCE SHEET EDEL GROUP		
ASSETS	03/2005	03/2004
	EUR	EUR
	IN THOUSAND	
FIXED ASSETS		
Intangible assets	10,119	11,360
Property, plant and equipment and financial assets	40,754	40,884
	50,873	52,244
CURRENT ASSETS		
Inventories	9,627	9,516
Accounts receivable ¹	38,095	37,781
Other assets	11,455	12,437
Checks, cash on hand and cash in banks	16,986	12,605
Deferred charges and deferred taxes	6,997	6,144
	83,160	78,483
	134,033	130,727
LIABILITIES AND STOCKHOLDERS' EQUITY		
	03/2005	03/2004
	EUR	EUR
	IN THOUSAND	
Stockholders' equity	34,259	29,874
Reserves and accrued liabilities	35,043	36,899
Liabilities	36,813	30,866
Liabilities due to banks	27,918	33,088
	134,033	130,727

BALANCE SHEET EDEL MUSIC AG		
ASSETS	03/2005	03/2004
	EUR	EUR
	IN THOUSAND	
FIXED ASSETS		
Intangible and fixed assets	2,000	2,391
Financial assets	25,560	28,782
	27,560	31,173
CURRENT ASSETS		
Accounts receivable, Other assets	7,944	21,548
Checks, cash on hand and cash in banks	8,211	3,648
	16,155	25,196
	43,715	56,369
LIABILITIES AND STOCKHOLDERS' EQUITY		
	03/2005	03/2004
	EUR	EUR
	IN THOUSAND	
Stockholders' equity	18,947	17,187
Reserves and accrued liabilities, Liabilities	24,768	39,182
	43,715	56,369

CONSOLIDATED STATEMENT OF INCOME (GERMAN-GAAP)	01.10.2004-31.03.2005	01.10.2003-31.03.2004
	EUR	EUR
	IN THOUSAND	
Sales ¹	82,663	71,570
Cost of sales	-57,201	-47,769
Selling expenses	-9,245	-9,730
General and administrative expenses	-11,159	-11,527
Amortization on goodwill	-404	-416
Other operating income	2,072	3,136
Other operating expenses	-535	-693
Operating result	6,191	4,571
Financial result	-988	-1,568
Income from ordinary operations	5,203	3,003
Taxes on income ²	-1,827	-176
Other taxes	4	-6
Consolidated net income	3,380	2,821
Minority interest	-148	-11
Consolidated result (excluding minority interest)	3,232	2,810

CONSOLIDATED CASHFLOW STATEMENT	01.10.2004-31.03.2005	01.10.2003-31.03.2004
	EUR	EUR
	IN THOUSAND	
Consolidated net income	3,380	2,820
<i>Adjustments not affecting working capital:</i>		
Depreciation	3,574	3,351
Other adjustments	729	158
	7,683	6,329
Change in working capital	5,213	-2,208
Cashflow from operating activities	12,896	4,121
Cashflow from investing activities	-3,728	-2,956
	9,168	1,165
Cashflow from financing activities	-4,366	-863
Changes in cash	4,802	302

¹For the first time, accounts receivable and sales revenues are shown after deduction of the gross value of returns.
²DRS 10 was first applied with effect from September 30, 2004; and for this reason there were no deferred taxes on income in the corresponding period of the previous financial year (01.10.2003-31.03.2004).



KEY FACTS

October 1, 2004 – March 31, 2005

- Half-year group surplus of 3.4 million EUR
- Sales up by 16%
- Continuation of two-pillar strategy

In the first six months of the financial year 2005, edel music AG achieved a further marked improvement in its results. Earnings and sales figures in the edel group actually showed a better improvement than expected compared with the same period the year before.

The company successfully continued its "two-pillar" strategy, combining marketing of its own content with the provision of services for third parties.

RESULTS

The consolidated net income of the edel Group for the first half of the financial year 2005 came to 3.4 million EUR, after 2.8 million EUR in the same period the year before. After elimination of intercompany sales, the edel Group's revenue showed a 16% increase to 82.7 million EUR (first half year 2004: 71.6 million EUR). EBIT³ was up 55% to 6.2 million EUR (31.03.2004: 4.0 million EUR), and EBITDA⁴ rose to 9.8 million EUR (31.03.2004: 7.3 million EUR).

The edel Group trebled its operating cash flow to 12.9 million EUR (31.03.2004: 4.1 million EUR). Capital expenditure totalled 3.7 million EUR (31.03.2004: 3.0 million EUR), and loans were reduced by 4.4 million EUR (31.03.2004: 0.9 million EUR). Cash and cash equivalents in the edel Group on 31.03.2005 came to 16.6 million EUR (31.03.2004: 12.0 million EUR) and its equity capital stood at 34.3 million EUR (31.03.2004: 29.9 million EUR).

These results are even better than expected by the management, which however continues to plan on a conservative basis. A further stabilization of the positive trend is expected in the second half of the financial year 2005.

CONTENT AND SERVICES

The business models of the edel Group companies are based partly on the marketing of own and licensed content, and partly on the provision of services for third parties.

In the exploitation of own rights and licences, the good results were due in particular to publications in the fields of pop/ mainstream and children's repertoire. Special mention must be made here of the CD albums by Lisa Stansfield, Gregorian, Marshall & Alexander and Die Lollipop. edel also continued to establish the EarBooks product series on the international market. Furthermore, improvements in the efficiency and profitability of marketing were made in all repertoire areas, including relatively small projects. The edel Group will continue to expand its artist portfolio having regard to risk factors. In the current financial year new contracts were signed with established artists such as Tears For Fears, Mark Owen and Deep Purple.

The various services offered by the edel Group companies are marketed under the "Professional Services" umbrella and are being continuously expanded. Here the focus is on individual, innovative and integrated solutions in the fields of Production and Logistics, Sales and Distribution, New Media and IT. As in previous years, the biggest-selling segments in the current financial year are again to be found in the fields of Replication/Logistics (optimal media production) and Distribution. There was also rapid growth in the field of New Media, where the content of the edel repertoire companies and external labels is distributed to end consumer providers in the Internet and mobile phone sectors.

GROUP STRUCTURE / MANAGEMENT

In the first half of the financial year 2005 there were no changes in the organizational structure of the edel Group. The same is true of the management and supervisory bodies of edel music AG and the managements of the operating companies.

MARKET DEVELOPMENT

The substantial losses suffered by the international music market in recent years have been dwindling since 2004. At present no complete market figures are available for the current reporting period from 01.10.2004 to 31.03.2005, but IFPI, the International Federation of the Phonograph Industry, reports a marked reduction in the negative growth of sales volume and sales value (to -0.4% and -1.3% respectively) in the calendar year 2004. The US market actually achieved its first slight increase in sales revenue (2.6%), while losses in Europe (-5.4%) and Asia (-1.8%) were less marked than in previous years. In Germany sales continued to decline, units falling by -1.7% and value by -4.2%. With regard to media formats, singles and cassettes continue to lose ground, while sales of CD albums have stabilized and DVD sales are growing particularly fast. Positive stimuli in the second half of 2004 and first indicators for 2005 suggest that we can expect a general stabilization of the market in the current year. There is strong growth on the digital music market, where the number of services and music titles offered showed a further substantial increase last year. The number of paid downloads increased many times to over 140 million titles in the USA and around 15 million in Europe (including 8 million in Germany alone). This market is expected to display continuing rapid growth in the years ahead.

EMPLOYEES

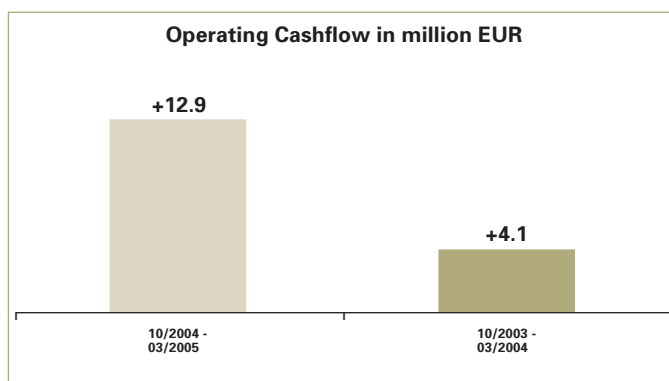
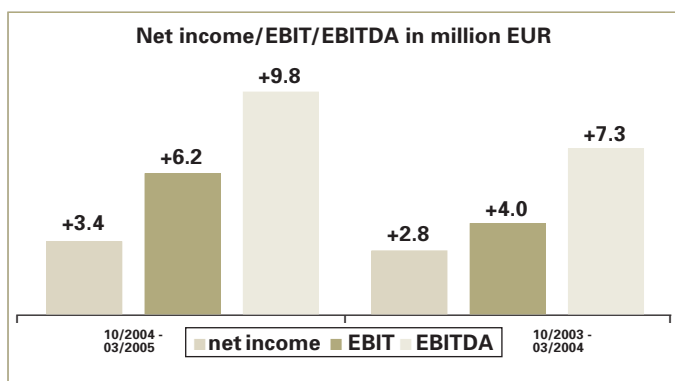
Compared with the first half of the previous financial year, the number of persons employed by the edel Group increased from 715 (March 31, 2004) to 750 on March 31, 2005.

SHARES

The principal shareholder continues to be Michael Haentjes with 70.36% (previous year: 61.18%) of the shares. The remaining 29.64% of the shares are free float.

³EBIT: Earnings before interest and taxes

⁴EBITDA: Earnings before interest, taxes, depreciation and amortization





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