365 hf.'s press release
Reykjavik, August 9, 2007

Significant turnaround in the Company's operations from last year

EBITDA was ISK 413 compared to ISK 119 million in the previous year

365 hf.'s net loss in the first six months of the year 2007 was ISK 80 million.

Sales revenue of the media and entertainment company 365 hf. amounted to ISK 5,495 million during the first six months of the year. EBITDA profit amounted to ISK 413 million. Net loss of the period was ISK 80 million compared to ISK 1,327 million for the same period last year in an on-going operation. Therefore, there is a significant operating turnaround.

The main operational entities of 365 hf. are 365 media ehf., Sena ehf., Sagafilm ehf., D3 ehf. and Innn hf.

Main results for the first six months of year 2007:

- Sales during the period amounted to ISK 5,495 million and increased by ISK 127 million or 2.4% from the same period in 2006
- Pro forma sales increased by 9.1% from the previous year*
- Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to ISK 413 million compared to ISK 119 million in the same period in 2006
- EBITDA ratio was 7.5% but 2.2% last year
- Net finance cost amounted to ISK 170 million, including a foreign exchange gain of ISK 268 million.
- Cash and market securities amounted to ISK 733 million at the end of the period
- Equity amounted to ISK 6,403 million and equity ratio was 35.3%
- Current ratio was 1.08% but at the end of year 2006 it was 0.62%

Main results for Q2:

- Sales during this period amounted to ISK 2,814 million and increased by ISK 44 million or 1.6% from the same period in 2006
- Pro forma sales increased by 8.6% from the previous year*
- Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to ISK 274 million compared to ISK 195 million in Q2 in year 2006
- EBITDA ratio amounted to 9.7% compared to 7.0% the previous year
- Net finance cost amounted to ISK 163 million, including a foreign exchange gain of ISK 117 million.

Ari Edwald, CEO: "Turnaround affirmed"
"Operating results for the first six months of the year are satisfactory and affirm the turnaround of the Company's operations. It is especially satisfying how well the operation of the media part went in Q2, which resulted in ISK 229 million EBITDA for the Company, one of the best results ever and is similar to Q2 2005 results. The Company's management believes that the entertainment segment can generate even better results than the Q2 results. An important step has been made in the strengthening of the Company's future standing by sale of assets and refinancing, which recently was concluded."

* In a Pro forma calculation the media currently operated by the Company are compared between years taking into account that the operating units Sena and D3 became a part of the group as of February 1, 2006

365 hf.'s quarterly results for the period January 1 to June 30 2007

Accounting methods

The interim financial accounts of 365 hf. are prepared in accordance with International Financial Reporting Standard no. 34 (IAS 34) on interim financial accounts. The Company's Board of Directors approved the interim financial accounts on August 9, 2007.

Income statement

The operation of 365 hf. is divided into two operating segments. On the one hand, in media under the name of 365 media ehf. and on the other, in entertainment to which the companies Sena ehf., D3 ehf., Sagafilm ehf. and Innn hf.

Consolidated Income Statement In ISK million	1H 2007	1H 2006	Change
Sales	5.495	5.368	127
Cost of services and goods sold	(3.482)	(3.809)	327
Gross Profit	**2.013**	**1.559**	**454**
Operating expenses	(1.838)	(1.725)	(113)
Results from operating activities (EBIT)	**175**	**(166)**	**341**
Net finance cost	(170)	(1.377)	1.207
Share of loss of associates (net of income tax)	(78)	(118)	40
Profit / (loss) before income tax	**(73)**	**(1.661)**	**1.588**
Income tax expense	(7)	289	(296)
Profit / (loss) from continuing operations	**(80)**	**(1.372)**	**1.292**
Discontinued operations	0	(150)	150
Profit / (loss) for the year	**(80)**	**(1.522)**	**1.442**
EBITDA	**413**	**119**	**294**

Sales by segments In ISK million	2006	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Media	7.752	1.908	2.015	1.764	2.065	1.864	2.005
Entertainment	3.768	709	758	881	1.420	1.045	980
Eliminations	(422)					(228)	(171)
Total	11.098					2.681	2.814

EBITDA by segments In ISK million	2006	1Q 2006	2Q 2006	3Q 2006	4Q 2006	1Q 2007	2Q 2007
Media	1.641	61	112	(25)	1.493	77	229
Entertainment	305	55	82	131	37	65	56
Eliminations	(394)					(3)	(11)
Total	1.552					139	274

Sales revenues amounted to ISK 2,814 million in Q2 of year 2007 and increase by in excess of 1.6% from the previous year. Pro forma sales increased on the other hand by 8.6%. The contribution margin in 365 hf.'s operation amounted to ISK 1,097 million in Q2 of year 2007 and contribution margin ratio was 39%*, which corresponds to a 7% increase from the previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) in Q2 amounted to ISK 274 million and increased by ISK 79 million from the previous year or 41% when EBITDA amounted to ISK 195 million. EBIT amounted to ISK 141 million compared to ISK 18 million at the same time last year. Net finance cost amounted to ISK 163 million. 365 hf.'s net operating loss in Q2 of year 2007 amounted to ISK 45 million compared to a net loss of ISK 931 million on an on-going operation last year, which results in an operating turnaround to the amount of ISK 886 million.

Sales revenue for the media operation amounted to ISK 2,005 million in Q2 and decreased by ISK 10 million from the previous year. The decrease can be related mainly to the Company's reorganization in the last six months of the previous year when operating units were sold and other non-profitable units discontinued. When only taking into account the media currently operated under 365 media ehf. (pro forma) their income increased by 5.9% between years. Revenues in the entertainment segment amounted to ISK 980 million in Q2 of year 2007 but amounted to ISK 758 million the previous year. The increase between years is thus 29%. Pro forma increase of the entertainment segment between years is 15%. EBITDA of the media segment amounted to ISK 229 million in Q2 of year 2007 and increased by ISK 117 million between years and EBITDA of the entertainment segment amounted to ISK 56 million and decreased by ISK 26 million between years, which can be explained by Sagafilm's poorer operation in Q2 compared to the same period last year.

* Contribution margin ratio is calculated as sale less cost value of sold goods and services as percentage of sales revenues.

Balance sheet
Total assets according to the balance sheet as at June 30, 2007 amounted to ISK 18,158 million compared to ISK 18,769 million at year-end 2006. Current ratio was 1.08 at the end of June of year 2007 compared to 0.62 at the end of year 2006. Equity ratio was 35.3% compared to 32.7% at the end of year 2006.

Interest bearing loans at the end of June 2007 amounted to ISK 9,110 million compared to ISK 8,702 million on December 31, 2006. At the beginning of July, the Company paid up an un-indexed bond group to the nominal value of 2,000 million carrying an interest rate of 17%. The sales value of a share in Hands Holding to the amount of ISK 1,500 million, entered among other accounts receivable in the interim financial statement, was among other things used for the settlement. In addition, a refinancing was settled for the Company's bank loans to the amount of ISK 3,300 million and older loans were paid up. Following these actions, interest payments are estimated to decrease by ISK 220 million per year. Interest bearing loans following these actions amount to approx. ISK 7,000 million.

Consolidated balance Sheet In ISK million	30.6.2007	31.12.2006	Change
Assets			
Non current assets	12.894	14.964	(2.070)
Current assets	5.264	3.805	1.459
Accounts receivables	1.701	1.955	(254)
Total Assets	**18.158**	**18.769**	**(611)**
Equity and liabilities			
Equity	6.403	6.137	266
Liabilities			
Long term debt	6.892	6.465	427
Short term debt	4.863	6.167	(1.304)
Interest bearing debt	9.110	8.702	408
Liabilities total	11.755	12.632	(877)
Total Equity and Liabilities	**18.158**	**18.769**	**(611)**

Cash flow
Cash and cash equivalents to operation in the period amounted to ISK 657 million. Negative cash flow can mainly be explained by the fact that at the beginning of the year accounts payable from the previous year and pertaining to the Company's financial operation in that year, which now has been discontinued, were paid up. During the period, program inventory increased by ISK 200 million due to upcoming winter TV program and interests were paid to the amount of ISK 462 million, which is higher than otherwise due to a specific settlement of loans aiming at decreasing the Company's debts. The aforementioned payments were initially planned at the end of year 2006 therefore the Company's cash flow balance was higher than otherwise at year-end or in excess of ISK 944 million. Total cash flow from investing activities amounted to ISK 24 million. Investments in fixed operating assets amounted to ISK 151 million. Cash flow from financing activities amounted to ISK 422 million. Re-financing of bank loans took place at the end of June. Cash and cash equivalents in June 2007 amounted to 733 million and decreased by ISK 211 million from the beginning of the year.

Consolidated Cash Flow In ISK million	1H 2007	1H 2006
Loss for the year	(80)	(1.522)
Activities not influencing cash flow	(170)	668
Cash used in operations before interests and taxes	**(250)**	**(854)**
Interest expense paid	55	9
Financial cost paid	(462)	(678)
Net cash used in operating activites	**(657)**	**(1.523)**
Investments activities	24	(1.559)
Financing activities	422	2.159
Net cash used in continuing operations	**(211)**	**(923)**
Cash and cash equivalents at 1 January	944	662
Effect of excange rate fluctuations on cash held	0	20
Cash and cash equivalents at 31 March	**733**	**2.544**

Outlook 2007

The company’s management confirms the previously published budgets but estimates that the lower range will be reached. With new emphasis placed in the operation in addition to restructuring arrangements Q2 has generated good operating turnaround. A new television station will start broadcasting this August, which will broadcast the English football premium league. It is estimated that this television station will generate considerable increase in subscription and advertising income for the Company. Valuation of future prospects must address seasonal fluctuations in the operation of the Company, i.e. Q1 is readily the poorest and Q4 is the best. This fluctuation affects subscription and advertising sales, in addition to sale of goods in the entertainment segment.

Recently, the Company's main projects have been to increase the contribution margin among other things by increased restructuring. The management believes that further opportunities lie within this operating area. The company will continue to emphasis lowering dept. The goal is to sell its part in Wyndeham Press Group by the end of 2008, now valued in the books amounting to ISK 2,040 million.

The Company plays a leading role in the media and entertainment market in Iceland and aims at maintaining and strengthening its position even further.

Presentation meeting

A presentation meeting will be held for shareholders and market players Friday August 10, at 08.30 at Skaftahlíð 24 south building (the old Tónabær building), in which Ari Edwald, the CEO and Viðar Þorkelsson, CFO, will present the Company's performance and operation.

Further information will be provided by:

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