

**Chrysalis Plc**  
**Interim Management Statement**  
**15 August 2008**

**Chrysalis Plc** today announces its interim management statement in respect of the period from 1 April 2008 to 30 June 2008.

The overall financial result for the third quarter was broadly in line with the Board's expectations. The second half started well for Chrysalis Music with a number of chart successes producing a 12.8% increase in Net Publishing Share ("NPS") for the third quarter compared to the same period last year. Cumulatively, for the ten month period from 1 September 2007 NPS is 2.9% lower than last year reflecting the previously announced challenges in the first half of the quiet release schedule, the uncertainty caused by the offer process and the Screenwriters strike in the USA. The company has also felt the effects more recently of the challenging macroeconomic environment and its impact on both physical sales and synchronisation revenues as the advertising market slows and as a result it expects NPS for the 13 month period to 30 September to be lower than for the same period in 2007. In addition, the Echo business has performed below management's expectations and there have been marginally higher write-offs for new unproven artists. The combination of these factors, a relatively quiet period for new releases in the last three months of the year and the addition of the month of September - historically a weak trading month - as a result of the change of accounting period, are expected to result in the Group making a normalised operating loss for the 13 months similar to that reported in the first seven months.

Chrysalis Music continues to attract new talent and since the interim results we have signed a number of high profile artists, including White Lies and Mercury award-nominated Laura Marling and this, coupled with the strength of our catalogue, makes the Board hopeful that the music publishing business will return to NPS growth in the medium term and subsequently return to its goal of annual NPS growth of at least 5% and outperformance against its industry peers.

The review of the non-publishing assets announced following the termination of the offer process earlier in the year is ongoing and, consistent with the comments made at the time of the interim results, we continue to make progress in reducing costs. The Echo Label has not upstreamed any artists in the period and is being restructured into an exploitation company in a similar vein to the Chrysalis Copyrights business, which remains profitable. Despite the challenging market conditions, Lasgo Chrysalis remains on track to exceed the Board's expectations for the full year.

**Enquiries**

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