Highlight

Interim Report
as of June 30, 2012

Triumph in Baku:
Swedish singer Loreen won the 2012 Eurovision Song Contest by a landslide.

In the first half of 2012, the Highlight Group met all its planning targets.
Sales and earnings figures were in line with expectations.

Highlight Communications AG, Pratteln, Switzerland

Film

100 %

Constantin Film AG
MUNICH, GERMANY

Subsidiaries of Constantin Film AG

Constantin Film Schweiz AG
BASEL, SWITZERLAND

100 %

Highlight Communications (Deutschland) GmbH
MUNICH, GERMANY

Rainbow Home Entertainment AG
PRATTELN, SWITZERLAND

Rainbow Home Entertainment GmbH
VIENNA, AUSTRIA

Sports- and Event-Marketing

100 %

Team Holding AG
LUCERNE, SWITZERLAND

T.E.A.M. Television Event And Media Marketing AG
LUCERNE, SWITZERLAND

Team Football Marketing AG
LUCERNE, SWITZERLAND

Other Business Aktivities

58.97 %

Highlight Event & Entertainment AG
DÜDINGEN, SWITZERLAND

Members of the Highlight Group

Constantin Film
RAINBOW HOME ENTERTAINMENT
TEAM MARKETING
HIGHLIGHT EVENT & ENTERTAINMENT

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PREFACE

Dear shareholders and other interested parties,

In the first half of 2012, the Highlight Group met its sales and earnings targets in a still difficult environment.

Consolidated sales rose by 2.4 % year-on-year from CHF 159.7 million to CHF 163.6 million. Including capitalized film production costs and other own work capitalized, Group total output amounted to CHF 189.3 million (previous year's period: CHF 176.7 million). Other operating income rose by CHF 2.0 million to CHF 14.9 million. Consolidated operating expenses increased by 11.3 % to CHF 188.6 million (previous year's period: CHF 169.5 million), resulting in a profit from operations of CHF 15.6 million (previous year's period: CHF 20.1 million).

Consolidated net profit was CHF 11.2 million. The decrease as against the previous year's figure (CHF 16.2 million) is due to temporal delimitation and results from the Film segment. CHF 11.3 million of this profit (previous year's period: CHF 14.9 million) relates to Highlight shareholders, equating to earnings per share of CHF 0.25 (previous year's period: CHF 0.32).

External sales in the Film segment increased by 4.6 % to CHF 119.0 million, largely as a result of the theatrical hit comedy "Türkisch für Anfänger" and strong sales figures in the home entertainment business area. Segment expenses rose by 14.8 % to CHF 158.4 million, primarily due to higher cost of materials and licenses. Segment earnings were down on the first half of 2011 (CHF 5.6 million) at CHF 0.2 million. This development is due to temporal delimitation, as less TV license income compared to the previous year was generated as of June 30, 2012. In the meantime, this income was realized, so that the Film segment as a whole is in line with planning.

The Sports- and Event-Marketing segment continued to develop very well. Here, a significant reduction in segment expenses more than compensated for a largely exchange rate-related decrease in external sales from CHF 45.9 million to CHF 42.9 million. Consequently, segment earnings improved by CHF 2.6 million or 15.2 % to CHF 19.7 million.

The Other Business Activities segment generated external sales of CHF 1.8 million and segment earnings of CHF –1.4 million. As this segment only came into existence on July 1, 2011, no prior-year comparison is possible at present.

In view of the European Football Championships held in June, Constantin Film AG only released two films in German theaters in the second quarter. The licensed title "LOL", launched at the end of May, attracted the expected audience of 352,000 up to the end of July. The Sönke Wortmann comedy "Das Hochzeitsvideo" failed to meet expectations. Even so, looking at the first half of 2012 from an overall perspective, it must be pointed out that by far the most successful German film was the Constantin Film production "Türkisch für Anfänger", with more than 2.3 million viewers.

In the German home entertainment market, in collaboration with our partner Paramount Home Entertainment, we increased our joint market share to 11 % in the video sell-through sector and to 16 % in the rental sector. The basis for this was attractive new releases and big-selling library titles. Our bestseller in the second quarter was the Constantin Film licensed title "Immortals", with around 220,000 units sold in German-speaking countries. Other big hits were the Constantin Film co-productions "Carnage" and "Blutzbrüdaz".

The TEAM Group remained focused on the marketing of rights to the UEFA Champions League and UEFA Europa League (for the 2012/13 to 2014/15 seasons in each case) and concluded further key deals for sponsorship and TV rights. Operations were mostly centered on successful delivery of the finals of both competitions, held this year in Bucharest (UEFA Europa League) and Munich (UEFA Champions League).

The highlight of the Other Business Activities segment was the organizational monitoring of the Eurovision Song Contest, which was held at the end of May in Baku, Azerbaijan. The live broadcasts of the two semifinals and the grand final were watched by more than 100 million TV viewers in total. This was followed at the beginning of June by the Vienna Philharmonic Orchestra's open-air Summer Night Concert, which again draw a crowd of 100,000 people to the park of Schönbrunn Palace and was broadcast in more than 60 countries.

Based on the sound operational prospects for the second half of the year, particularly with regard to the forthcoming 3-D releases ("Step Up Revolution" and "Resident Evil: Retribution"), we expect to generate consolidated sales of CHF 370 million to CHF 390 million and earnings per share of EUR 0.42 to EUR 0.44 for 2012 as a whole, assuming that exchange rates remain roughly stable.

HIGHLIGHT COMMUNICATIONS AG STOCK

Development of the capital markets

After an unusually strong first quarter on almost all international stock markets, prices came back under heavy pressure in the period from April to June 2012. This correction was triggered by the steadily escalating euro debt crisis, disappointing data from the US labor market and a weak economic performance in the emerging nations – particularly China and Brazil. However, unlike in fall 2011, the increasing uncertainty that ensued on the part of equities investors did not lead to panic selling.

Nonetheless, the leading indices around the world lost some of the gains they had made in the first quarter. Between April and June, the US Dow Jones Industrial Average Index lost 2.5% of its value and closed at 12,880 points at the end of the quarter. It therefore still climbed by 5.4% as against the end of 2011. The Swiss Market Index (SMI) stood at 6,067 points on June 30, 2012, a decline of 2.7% in the second quarter and a slight rise of 2.2% in the first half of the year.

The DAX, which had shined in the first quarter with high double-digit growth, closed at 6,416 points – a loss of more than 500 points or 7.6% in the April to June period (up 8.8% since the start of the year). This is also true of the SDAX small cap index, which also includes the Highlight stock. Having closed at 4,804 points, it lost 8.0% of its value in the second quarter (up 8.7% since the start of the year). By contrast, the index for German media stocks (DAXsector Media), which ended trading at 156 points, gained 3.1% in the second quarter and has climbed 25.0% since the beginning of the year.

Performance of Highlight stock in the second quarter of 2012

The performance of Highlight stock in the period from April to June was also heavily influenced by the gloomy market environment. In the first four weeks of trading the share price fluctuated strongly within a corridor of EUR 3.90 and EUR 3.50 before settling into a sideward trend at a level of EUR 3.50 in May. In June the price then gradually lost ground before reaching its preliminary closing price low for the year at EUR 3.27 on June 26.

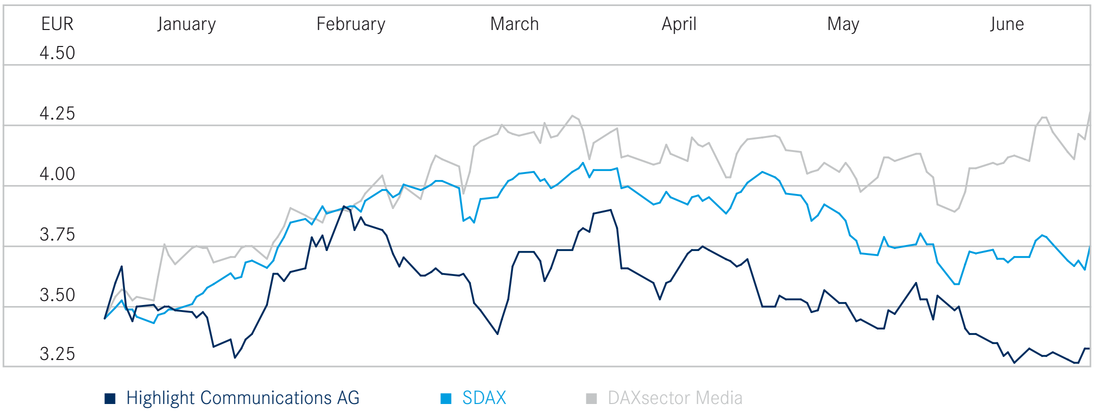
On June 30, Highlight stock closed on Xetra at EUR 3.33, corresponding to a drop of 14.4% in the April to June period and 3.5% in the first half of 2012. As of the end of the quarter, the 52-week high was EUR 4.50 (July 1, 2011) while the 52-week low was EUR 3.02 (December 12, 2011).

Over the entire second quarter of 2012, a total of 2.08 million Highlight shares were traded on Deutsche Börse's Xetra trading system. The daily average of around 33,500 shares was therefore well above the comparative figure for the previous year (26,300 per trading day). However, over the first half of the year the trading volume declined from 5.5 million (43,300 shares per trading day) to a little more than 4.8 million (37,900 per trading day).

In Deutsche Börse's rankings for the MDAX and SDAX segments, Highlight shares were therefore placed 100th as of June 30, 2012 (March 31, 2012: 104th). They ranked 102nd (March 31, 2012: 104th) in terms of free float market capitalization.

Xetra closing prices of Highlight stock compared to SDAX and DAXsector Media

Indices indexed at Highlight closing price as of December 31, 2011 for comparison.



Subscribed capital and shareholder structure

There were no changes in the subscribed capital of Highlight Communications AG in the second quarter of 2012. As of June 30, 2012, it still amounted to CHF 47.25 million, divided into 47.25 million bearer shares with a nominal value of CHF 1.00 per share. The number of treasury shares without voting rights was also unchanged at around 1.16 million. These account for 2.5 % of the subscribed capital. Not counting these shares, there were 46.09 million shares in circulation as of the end of the second quarter.

Constantin Medien AG still holds 47.3 % of Highlight's shares, while around a further 8.3 % are owned by DWS Investment GmbH. Furthermore, members of the Board of Directors as well as private and institutional investors hold significant share packages. As of June 30, 2012, the free float as defined by Deutsche Börse amounted to 50.3 %.

Investor relations activities

One of the focus points of our investor relations activities is informing investors, analysts and the financial press in a timely and comprehensive manner. The basis for this is primarily our annual and interim reports, which give a detailed insight into the current performance of our company. We also inform market players about all key events in the form of press releases and ad-hoc disclosures. Extensive information on the Highlight Group is also made available on our website (www.highlight-communications.ch).

However, the main element of our investor relations work is and will remain personal communication by means of active and open dialog. This is why we conduct presentations and roadshows at international financial centers and participate in events for analysts and investors. Our declared goal is to use this type of public relations to obtain a fair valuation of the Highlight stock and also to convince potential shareholders of the intrinsic value of an investment in our company.

A large number of research institutions currently track Highlight stock. Currently, the following studies with price targets have been compiled:

DZ BANK	Rating: Buy	Price target: EUR 8.00
Close Brothers Seydler Research	Rating: Buy	Price target: EUR 6.00
Silvia Quandt Research	Rating: Buy	Price target: EUR 8.50

Information on Highlight stock as of June 30, 2012

ISIN/ticker	CH 000 653 9198/HLG
Indices	SDAX, DAXsector Media
Closing price	EUR 3.33
52-week high	EUR 4.50
52-week low	EUR 3.02
Subscribed capital	CHF 47.25 million
Shares in circulation	46.09 million
Market capitalization (in relation to shares in circulation)	EUR 153.5 million

Directors' dealings/shareholdings of executive bodies as of June 30, 2012

Mr. Bernhard Burgener, Chairman and Delegate of the Board of Directors of Highlight Communications AG, acquired a total of 150,000 Highlight shares in the months of May and June 2012 and therefore increased his interest to 1.95 million shares in our company. We received no notifications from the other members of the Board of Directors or the management of the Group regarding acquisition or sales transactions subject to reporting in the second quarter of 2012.

In addition to Mr. Burgener, only Board of Directors member René Camenzind held direct or indirect shareholdings amounting to more than 1 % of the subscribed capital as of June 30, 2012. The shareholdings and share interest from options of the individual members of the Board of Directors and the management of the Highlight Group (including related parties) were as follows as of June 30, 2012:

Board of Directors	Shareholdings	Share interest from options
Bernhard Burgener, Chairman and Delegate, executive member	1,950,000	–
Martin Wagner, Vice Chairman, executive member	–	–
Antonio Arrigoni, non-executive member	–	–
René Camenzind, non-executive member	628,715	–
Dr. Erwin V. Conradi, non-executive member	–	–
Dr. Dieter Hahn, non-executive member	21,000	–
Martin Hellstern, non-executive member	200,000	–
Dr. Ingo Mantzke, executive member	100,000	–
Group management		
Dr. Paul Graf, Managing Director	–	–
Peter von Büren, Managing Director	–	–

INTERIM MANAGEMENT REPORT

Operating activities and Group structure

Highlight Communications AG is an internationally oriented strategic and financial holding company that operates through its operational subsidiaries in the Film, Sports- and Event-Marketing as well as Other Business Activities segments.

In its Film segment, Highlight Communications AG wholly owns Constantin Film AG, Munich, which, together with its subsidiaries and equity interests, is Germany's leading independent producer and distributor of theatrical movies. Its activities comprise production of films and exploitation of the rights to the films it produces and acquires. In the exploitation of these film rights, all levels of the exploitation chain (theatrical distribution, DVD/Blu-ray releases and TV broadcasting) are fully utilized. Self-produced films are usually marketed worldwide, while third-party productions are exploited mainly in German-speaking countries. Furthermore, the Constantin Film Group produces fictional and non-fictional products for German and foreign TV broadcasters.

To expand the Highlight Group's position on the Swiss movie market, Constantin Film Schweiz AG, Basel, which is indirectly wholly-owned by Highlight Communications AG, was founded in December 2009. The company specializes in the production and distribution of movie, television and video productions as well as providing entertainment and new media services.

Highlight Communications AG has established its own distribution organization to best exploit its DVD/Blu-ray rights for in-house and licensed films. Distribution in Switzerland and Austria is performed by the Rainbow Home Entertainment subsidiaries, which are wholly-owned by the company. In addition, third-party products are marketed in these countries. Highlight Communications (Deutschland) GmbH cooperates with Paramount Home Entertainment to cover the German market.

In the Sports- and Event-Marketing segment, Highlight Communications AG wholly owns Team Holding AG (TEAM). Based in Lucerne, the TEAM Group specializes in global marketing of major international sports events. As one of the world's leading agencies in this area, it exclusively markets the UEFA Champions League, the UEFA Europa League and the UEFA Super Cup on behalf of the Union of European Football Associations. Until March 31, 2012, TEAM also owned the marketing rights to the Eurovision Song Contest and the Vienna Philharmonic Orchestra thanks to its 100% participation in Highlight Event AG.

The Other Business Activities segment includes the activities of Highlight Event & Entertainment AG, Düdingen. Highlight Communications AG holds a 58.97% stake in this company. On April 1, 2012, Highlight Event & Entertainment AG acquired all the shares in Highlight Event AG from Team Holding AG. This acquisition gives Highlight Event & Entertainment AG a foothold in event marketing on the basis of the marketing rights to the Eurovision Song Contest and the Vienna Philharmonic Orchestra.

Highlight Event & Entertainment AG also holds a 50.004% stake in Cologne-based full-service agency Pokermania GmbH, which specializes in the development of promising online gaming business models and the booming market of social gaming.

Control system and performance indicators

Highlight Communications AG's Board of Directors is responsible for the strategic orientation and management of the Highlight Group. In contrast, the responsibility for operating activities lies with the management body of the relevant subsidiary. At Team Holding AG, this body is the Board of Directors, which consists of two members, at Constantin Film AG it is the four-person Management Board, while Highlight Event & Entertainment AG has a three-member Board of Directors.

The primary objective of the Highlight Group is to increase enterprise value on a sustainable basis. A value management system was developed and introduced to plan, manage and control business operations. The key financial parameters are the profit from operations (EBIT) and the EBIT margin calculated as the ratio of EBIT and revenues. Another key parameter is earnings per share.

Important events in the second quarter

The sale of Highlight Event AG and the resultant hiving-off of the music business from the TEAM Group to what is now called Highlight Event & Entertainment AG were completed on April 1, 2012 as planned.

At the beginning of April 2012, the Constantin Film Group was awarded the "Golden Industry Tiger" in the categories of production and distribution for the eighth time when the German Federal Film Board awarded reference funding for 2011. This award comes with reference funding totaling EUR 2.33 million for production and funding of approximately EUR 0.94 million for distribution.

On May 10, 2012, the Board of Directors of what is now called Highlight Event & Entertainment AG resolved to implement a capital increase to finance the operations as well as future development and expansion of the company's operations, maintaining the subscription rights of existing shareholders. This capital increase was successfully completed on May 29, 2012 with proceeds of approximately CHF 8.66 million. All of the 495,000 subscription rights on offer were exercised. Listing of the shares on the SIX Swiss Exchange was applied for and approved on May 31, 2012.

The Annual General Meeting of the company then known as Escor Casinos & Entertainment SA was held on May 11, 2012 in Düdingen. Items approved by the shareholders included the change of the company's name to Highlight Event & Entertainment AG. The company continues to be headquartered in Düdingen.

On May 23, 2012, we announced changes to the management of our subsidiary TEAM. As part of this restructuring, Simon Thomas (CEO) as well as Managing Directors David Tyler and Patrick Murphy will leave the company. A senior management team consisting of Martin Wagner (Delegate of the Board of Directors), Jamie Graham, Thomas Schmidt, Simon Crouch and Jan Werner is responsible for operating activities.

Report on business performance and the situation in the Film segment

Theatrical production/acquisition of rights

In May 2012, many promising films were sold to almost all countries in the world at this year's film market in Cannes in the south of France. The fast-growing movie audiences in countries such as China, Russia and Brazil make these territories increasingly attractive partners for film-license trading.

In terms of the production activities of Constantin Film AG, internationalization became increasingly important in the first half of 2012. Given that the global market for audiovisual content is constantly expanding whilst the German movie market has been largely stagnant for several years, the company will be concentrating even more on producing major English-language productions in future.

The current Constantin Film production slate reflects this increased focus on internationally oriented films. The first half of 2012 saw the filming of the 3-D CGI production “Tarzan”, set for release in summer 2013, and the drama “3096” about the kidnapping, captivity and escape of Natascha Kampusch (release: mid-February 2013).

In addition, the youth films “Ostwind” (release: mid-March 2013) – a Constantin Film co-production with SamFilm GmbH – and “The Famous Five 2” (release: end of January 2013), again produced in conjunction with SamFilm, also entered pre-production. Filming of both movies started at the beginning of July 2012.

Films in post-production in the reporting period were the romance “Heiter bis wolkig” (release: beginning of September 2012), the international own production “Resident Evil: Retribution” (release: mid-September 2012), the comedy “Agent Ranjid rettet die Welt” (release: mid-October 2012) and the licensed title “Wer’s glaubt wird selig”, set for release in mid-August 2012.

In the area of third-party productions, Constantin Film secured the German exploitation rights to “Scary Movie 5” and the horror film “The Green Inferno”, filming of which is currently being prepared in the USA, at this year’s film market in Cannes. The fifth part of the Scary Movie series is set to reach German theaters at the beginning of January 2013.

TV service production

The spring survey of the German Producers Alliance – Film & Television shows that producers are optimistic despite the generally unsatisfactory situation on the film and television market in Germany. Among other things, this is because fears of a mass extinction of production companies in the crisis year 2009 proved largely unfounded.

As in the past three analyses by the producers’ alliance, by far the biggest problem in producers’ eyes is the ongoing decrease in TV broadcasters’ budgets for service productions. Even so, German production companies are confident: Although 41 % do not expect revenues to improve, only 13 % anticipate a deterioration – and 44 % are actually optimistic about the future.

Some TV productions by Constantin Film subsidiaries achieved very pleasing reach figures in the second quarter of 2012. For example, the Constantin Television production “Verfolgt – Der kleine Zeuge” was broadcast in mid-April on Sat.1 and attained a market share of just under 10 % in its target demographic of 14-to-49-year-olds. The Rat Pack comedy “Rat mal, wer zur Hochzeit kommt” was broadcast at the end of April by ARD and achieved an excellent market share of 12.5 % of the entire audience.

On the production side, the first take of the major three-part TV series “Das Adlon: Ein Hotel. Zwei Familien. Drei Schicksale.”, which MOOVIE – the art of entertainment GmbH is making on behalf of ZDF, was completed in mid-June 2012 in Berlin. Directed by Uli Edel, the series boasts a star-studded cast in Anja Kling, Josefine Preuß, Heino Ferch, Christiane Paul, Ken Duken and Jürgen Vogel.

Olga Film GmbH shot the ZDF comedy “Familie Sonntag auf Abwegen” between mid-May and the end of June. In addition, the new Tatort episode “Ein neues Leben” starring Miroslav Nemec and Udo Wachtveitl was also shot on behalf of Bayerischer Rundfunk between mid-April and the end of May.

In the area of TV entertainment, Constantin Entertainment GmbH (CENT) produced several formats for the German market including the scripted talk show “Annica Hansen – Der Talk”, which has been running on Sat.1 since the beginning of July, season 4 of the RTL2 reality series “Extrem schön! Endlich ein neues Leben” (broadcast from summer 2012) and the docutainment format “Lust auf Deutschland” (broadcast in 2013) for Bayerischer Rundfunk.

In other European countries, the CENT subsidiary Constantin Entertainment Israel Ltd. currently produces the second season of the casting show “Voice of Israel”, and the scripted reality show “Family Stories Spain” is currently being co-produced in Spain with Cuarzo Producciones.

Theatrical distribution

The German theatrical industry posted a slight increase in revenues in the first half of 2012. Revenues totaled around EUR 454 million (first half of 2011: EUR 451.3 million) in German theaters up to the end of June – a strong result in view of the European Football Championships. This growth of just under 1 % is chiefly attributable to higher ticket prices. The prominence of 3-D films with corresponding price markups was a major factor here. At around 60 million tickets redeemed, audience figures remained at the same level as the previous year (59.6 million).

The revenue and audience figures of German productions were better. Revenues increased by around 4 % to EUR 74.2 million (first half of 2011: EUR 71.3 million) and audience figures actually increased by around 8 % to 11.3 million (first half of 2011: 10.5 million). Accordingly, the market share of German productions by visitor numbers also increased from 17.7 % in the previous year to the current figure of 18.9 % in the first half of the year.

By far the most successful film in the first half of the year in terms of both visitor numbers and revenues was the French comedy "Intouchables" (more than 8.3 million viewers), followed by the US comedy "American Pie – Reunion" (around 2.5 million viewers) and the most successful German film of the first half-year – the Rat Pack comedy "Türkisch für Anfänger" (over 2.3 million tickets sold).

Overall, the Constantin Film Group featured three times in the top 10 German films of the past half-year: Top of the heap was "Türkisch für Anfänger", while the youth's adventure "The Famous Five" came third with an audience of more than one million, and the music film "Blutzbrüdaz", launched back in December 2011, took seventh place with just under half a million viewers.

In addition to these top titles, Constantin Film released another five films in German theaters in the first half of 2012: The licensed title "New Kids Nitro" was released at the beginning of January and attracted just under 317,000 people. The Constantin Film productions "Glück" (release: mid-February), "Das Haus der Krokodile" (release: mid-March) and "Das Hochzeitsvideo" (release: beginning of May) failed to meet expectations. The licensed film "LOL" went on release at the end of May and has attracted a satisfying audience of 352,000 viewers by the end of July.

With the performance of its films released in the first half of 2012, Constantin Film achieved a market share of 8.2 % in terms of visitor numbers, putting it in seventh place behind Senator, Universal, Sony, Warner, Paramount and Fox. In terms of revenues, it came eighth with 7.2 % behind Senator, Sony, Universal, Warner, Paramount, Fox and Walt Disney.

Home entertainment

According to evaluations by GfK, the German home entertainment industry generated total revenues of EUR 607 million between January and May 2012*), thus matching the figure of the previous year's period. A slight decline in the video sell-through market from EUR 501 million to EUR 497 million was offset by an increase in the rental market from EUR 106 million to EUR 110 million.

The sale of DVDs and Blu-ray discs generated retail revenues of EUR 480 million (January to May 2011: EUR 489 million). DVDs continued to decline here with revenues of EUR 365 million – down by more than 9 % as against the same period of the previous year (EUR 403 million). In contrast, Blu-ray discs continued to improve significantly: Revenues here rose by around 34 % to EUR 115 million (January to May 2011: EUR 86 million).

The electronic sell-through market posted even stronger growth, with revenues up by more than 40 % to EUR 16 million (January to May 2011: EUR 11 million).

The situation was similar on the video rental market: Here, revenues from DVD rentals fell again by around 10 % to EUR 73 million (January to May 2011: EUR 81 million), whilst Blu-ray revenues rose by just under 30 % to EUR 18 million (January to May 2011: EUR 14 million). Revenues from digital rentals via video-on-demand or pay-per-view actually increased by 58 % to EUR 19 million (January to May 2011: EUR 12 million).

Based on an attractive slate for 2012 and a large number of high-selling secondary market releases, the Highlight Group further shored up its market position in the German home entertainment market. In the video sell-through market – in conjunction with our sales partner Paramount Home Entertainment – we increased our market share to 11 % (January to May 2011: 9 %). On the rental market, our joint market share actually rose to 16 % (January to May 2011: 12 %).

Our top new release in the second quarter of 2012 was the licensed title “Immortals”, of which we sold around 220,000 units in German-speaking countries as at June 30. Highlights in the period from April to June also included the star-studded Constantin Film co-production “Carnage” and the music film “Blutzbrüdaz” with rapper Sido.

**) Data for the first half of 2012 is not yet available due to a system change at GfK.*

License trading/TV exploitation

Global trading of film licenses picked up again in the past year, indicating the end of the advertising market crisis. Especially TV groups – in both the pay TV and free TV area – are now ready to spend more money on good products again, and are increasingly buying licenses on the domestic and international market, as evidenced by reports from the Cannes film market in 2012.

According to a study on the development of Internet TV by the high-tech association BITKOM published at the end of May 2012, the number of connected TV sets in the EU is set to grow by just under 70 % to 19.1 million this year. More than one in three flat-screen TVs sold would thus be Internet-enabled. Germany is by far the biggest individual market here. BITKOM predicts that 4.6 million TVs with Internet access are likely to be sold by the end of this year – 36 % more than last year. However, many consumers are not yet using the new TV sets to their full potential. Although one in six German households now has a TV with an Internet connection, only just over half the owners actually connect their set to the web.

With regard to global film-license trading, the forthcoming major Constantin Film productions “3096” and “The Mortal Instruments” were sold to almost all relevant territories worldwide at this year’s film market in Cannes.

In TV exploitation, some Constantin Film titles again had very pleasing viewing figures in the second quarter of 2012. For example, the licensed title “Sleepy Hollow”, broadcast in mid-May on Sat.1, was very much favored by 14-to-49-year-old viewers with an excellent market share of 14.6 %. In addition, the comic-book adaptation “Fantastic Four – Rise of the Silver Surfer” on ProSieben scored a successful market share of 16.5 % in its target demographic of 14-to-49-year-olds at the end of May.

In the reporting period, Constantin Film AG generated revenues from licensing TV rights with films such as “Pandorum” and “The Box” for free TV as well as “The Switch” and “13” for pay TV.

Report on business performance and the situation in the Sports- and Event-Marketing segment

According to a forecast published by the auditing company PricewaterhouseCoopers (PwC) in mid-December 2011, total income of the global sports market is set to rise from about USD 121 billion in 2010 to approximately USD 145 billion in 2015, an average increase of just under 4 % per year. This growth will be chiefly driven by income from sports sponsorship, which is expected to increase by an average of more than 5 % per year to about USD 45 billion (2010: about USD 35 billion). With this increase, sponsorship revenues are set to overtake ticket sales as the sports market’s main source of income by as early as 2014.

PwC sees the main reasons for this strong growth as the forthcoming major sports events (the Olympic Games in London and Sochi as well as the Football World Cup in Brazil) and the fact that both financial service providers and the telecommunications industry have started to step up their investments in sports sponsorship again.

In contrast, other market research companies are less optimistic given the constant deterioration of general economic conditions. For example, IEG expects global sponsorship investment to grow by just under 5 % this year and ZenithOptimedia reduced its forecast for the increase in global advertising expenditure to more than 4 % in June 2012 after the company announced a figure of approximately 5 % as recently as March.

In the second quarter of 2012, the marketing activities of the TEAM Group were again focused on selling the commercial rights to the UEFA Champions League and UEFA Europa League. In the field of TV rights, TEAM concluded further key deals in markets throughout the world for the 2012/13 to 2014/15 seasons for both competitions. Successful deals were also secured in the field of sponsorship rights.

TEAM's operating activities were centered on successful delivery of the two major finals of the UEFA Champions League and the UEFA Europa League. The final of the UEFA Europa League, an encounter between the two Spanish teams Club Atlético de Madrid and Athletic Club (Bilbao), was held on May 9 in Bucharest. Club Atlético de Madrid cruised to victory, winning the coveted title for the second time in just three years.

The UEFA Champions League final between FC Bayern München and Chelsea FC was held at the Allianz Arena in Munich on May 19. In a dramatic game, Chelsea FC emerged victorious after extra time and penalty shootout, winning the trophy for the first time after several attempts. Around 170 million football fans worldwide watched the game on TV. It attracted peak viewing figures of just under 20 million in Germany alone.

Report on business performance and the situation in the Other Business Activities segment

General conditions in cultural sponsorship remain challenging due to the difficult economic situation in specific regions, especially Southern Europe. Companies in the countries concerned can only provide restricted financial support for cultural and entertainment events for corporate policy and economic reasons. In terms of sponsorship of the Eurovision Song Contest, therefore, the respective host city is becoming increasingly important.

Savings are also being made on the TV side, especially in public-sector broadcasting of musical and cultural events. However, this has not yet had an impact on top events such as the New Year's Day Concert of the Vienna Philharmonic Orchestra or the Eurovision Song Contest.

The TV broadcast of the Eurovision Song Contest (semifinals and final), held between May 22 and May 26 in Baku (Azerbaijan), again fascinated an audience of more than 100 million viewers worldwide. In addition, the event hall was completely sold out with 60,000 fans. Marketing activities also progressed to the complete satisfaction of sponsors, whose contracts comprised rights in the areas of association (including for the running of wide-ranging advertising and PR campaigns), media (including sponsorship sequences in the context of live TV broadcasts), events (including fan festival, ticket allocation and VIP hospitality programs) and the Internet. In addition to these sponsorship contracts, TV contracts outside Europe – for example in Australia and Kazakhstan – were also concluded.

The Summer Night Concert of the Vienna Philharmonic Orchestra was held in the park of Schönbrunn Palace in Vienna on June 7, 2012, drawing a crowd of around 100,000 people, as in previous years. The event was broadcast in more than 60 countries, with the Chinese state broadcaster CCTV and Japanese broadcaster NHK showing it for the first time. After only eight TV stations were involved in 2008, this development impressively demonstrates the fast-growing importance of this open-air classical music concert.

Result of operations, net assets and financial situation of the Highlight Group

Change in accounting policies

The Highlight Group revised its Group-wide chart of accounts over the course of fiscal year 2011. Account allocations within the income statement were redefined as part of this revision. The aim of the revision was an improved presentation of individual transactions in line with their substance (see annual report 2011, notes to the consolidated financial statements, note 2.1). The prior-year figures shown below refer to the restated ones.

Result of Group operations

Consolidated sales of the Highlight Group reached a volume of CHF 163.6 million in the period from January to June 2012 – an increase of CHF 3.9 million or 2.4 % as against the same period of the previous year (CHF 159.7 million), with currency effects preventing a more significant increase. These effects stem from the fact that most of the sales are generated in euros, and are therefore subject to the ongoing decline of this currency in relation to the Swiss franc. In a comparison of the average exchange rates in the first six months of 2011 and 2012, the euro decreased in value by more than 5 %.

Capitalized film production costs and other own work capitalized increased by CHF 8.7 million to CHF 25.7 million (previous year's period: CHF 17.0 million), leading to a rise in Group total output from CHF 176.7 million to CHF 189.3 million. In addition, other operating income rose by CHF 2.0 million to CHF 14.9 million.

Consolidated operating expenses rose by CHF 19.1 million or 11.3 % to CHF 188.6 million after CHF 169.5 million in the first half of 2011. The increase chiefly results from the cost of materials and licenses, which rose by CHF 9.8 million to CHF 70.0 million. At the same time, other operating expenses increased by CHF 7.4 million to CHF 36.4 million and personnel expenses rose by CHF 1.2 million to CHF 51.6 million. In contrast, at CHF 30.5 million, amortization, depreciation and impairment remained at the same level as the previous year's period (CHF 29.9 million).

As a result of the developments described, EBIT fell by CHF 4.5 million to CHF 15.6 million (previous year's period: CHF 20.1 million). Thus, the EBIT margin (EBIT in relation to consolidated sales) for the first half-year was 9.5 %.

Income from investments in associated companies and joint ventures amounted to CHF 0.1 million for the first half of 2012 as against a loss of CHF 1.4 million in the same period of the previous year. By contrast, the financial result declined from CHF 1.1 million to CHF –3.1 million, largely due to currency effects. Financial income fell from CHF 8.0 million to CHF 1.8 million and financial expenses fell from CHF 6.9 million to CHF 4.9 million.

Taking into account tax expenses (income taxes and deferred taxes) of CHF 1.3 million (previous year's period: CHF 3.6 million), the Highlight Group generated a consolidated net profit for the first half of 2012 of CHF 11.2 million (previous year's period: CHF 16.2 million). A loss of CHF 0.1 million (previous year's period: profit of CHF 1.3 million) of this result relates to non-controlling interests. By contrast, a profit of CHF 11.3 million is attributable to the shareholders of Highlight Communications AG (previous year's period: CHF 14.9 million). Based on 46.1 million shares in circulation on average, earnings per share are CHF 0.25 (previous year's period: CHF 0.32).

Result of segment operations

With external sales of CHF 119.0 million, the Film segment exceeded the comparative figure for the previous year (CHF 113.8 million) by CHF 5.2 million or 4.6 %. Other segment income posted an even sharper increase, rising by CHF 9.8 million to CHF 39.6 million. This growth largely results from the capitalized film production costs. Segment expenses increased by CHF 20.4 million to CHF 158.4 million, primarily due to the greater cost of materials and licenses as well as higher personnel expenses. As a result of these developments, that are due to temporal delimitation, segment earnings for the first six months decreased by CHF 5.4 million to CHF 0.2 million.

The Sports- and Event-Marketing segment generated external sales of CHF 42.9 million, down by CHF 3.0 million or 6.5 % on the first half of 2011 (CHF 45.9 million). This decrease is mostly due to currency fluctuations and therefore reflects the depreciation of the euro against the Swiss franc. At the same time, segment expenses fell significantly by CHF 5.0 million to CHF 23.8 million. Accordingly, segment earnings improved from CHF 17.1 million to CHF 19.7 million.

The Other Business Activities segment, which was formed with effect from July 1, 2011, generated external sales of CHF 1.8 million and other income of CHF 0.9 million. After deducting segment expenses of CHF 4.1 million, the segment posted a loss of CHF 1.4 million for the first half of 2012. Costs for holding activities rose by CHF 0.2 million to CHF 2.8 million in the reporting period.

Net assets situation

As against the end of 2011, the total assets of the Highlight Group increased by CHF 25.7 million to CHF 524.9 million (December 31, 2011: CHF 499.2 million). On the assets side, non-current assets remained virtually unchanged at CHF 197.6 million (December 31, 2011: CHF 197.9 million). In current assets, there were significant increases in terms of trade accounts receivable and other receivables, which rose by CHF 8.5 million to CHF 144.9 million, as well as cash and cash equivalents, which were up by CHF 11.1 million to CHF 151.8 million. In addition, other financial assets rose by CHF 3.5 million to CHF 17.4 million.

At the end of the first half-year, the value of film assets stood at CHF 153.7 million, which equates to a slight decrease of CHF 0.9 million as against December 31, 2011 (CHF 154.6 million). Of this figure, CHF 125.9 million (December 31, 2011: CHF 127.9 million) was attributable to in-house productions and CHF 27.8 million (December 31, 2011: CHF 26.6 million) to third-party productions. The decrease in in-house productions is due to amortization on films being exploited, which exceeded additions in the period under review.

On the capital side, non-current liabilities decreased by a total of CHF 12.1 million to CHF 10.2 million, largely due to a reclassification in current other liabilities of CHF 11.9 million. By contrast, current liabilities were up by CHF 32.7 million to CHF 413.6 million. This increase is primarily attributable to financial liabilities (+CHF 31.7 million) and advance payments received (+CHF 4.2 million), whilst liabilities due to associated companies and joint ventures (–CHF 1.4 million) and income tax liabilities (–CHF 1.3 million) declined.

Consolidated equity (including non-controlling interests) rose by CHF 5.1 million to CHF 101.1 million as against the end of 2011 (CHF 96.0 million). The increase was due mainly to the consolidated net profit of CHF 11.2 million and a CHF 3.0 million share of the capital increase of Highlight Event & Entertainment AG, relating to non-controlling interests. A negative effect stemmed from dividend payments totaling CHF 9.8 million.

As a result of the increase in total assets, the notional equity ratio remained almost unchanged at 19.3 % as at June 30, 2012 (December 31, 2011: 19.2 %). By contrast, the adjusted equity ratio (after netting cash and cash equivalents against financial liabilities and advance payments received against film assets) improved to 31.0 % (December 31, 2011: 30.4 %).

Financial situation

Cash and cash equivalents increased by CHF 11.1 million to CHF 151.8 million in the first half of 2012 (December 31, 2011: CHF 140.7 million). As of June 30, financial liabilities stood at CHF 235.9 million – up by CHF 31.7 million as against the end of 2011 (CHF 204.2 million). This resulted in an increase in net debt from CHF 63.5 million to CHF 84.1 million.

The Highlight Group's operating activities generated a net cash inflow of CHF 18.6 million in the first six months of the current fiscal year. The decrease of CHF 7.5 million as against the same period of the previous year (CHF 26.1 million) is primarily due to the CHF 5.0 million decline in consolidated net profit. In addition, earnings from investments in associated companies and joint ventures of CHF 0.1 million had a negative impact on cash flow in the reporting period, whereas they led to a positive impact of CHF 1.4 million in the first half of 2011.

The investing activities of the Highlight Group used cash of CHF 34.8 million in the period from January to June 2012, CHF 5.6 million more than in the previous year's period (CHF 29.2 million). This increase partly stems from payments for film assets, which were up by CHF 3.5 million on the previous year's period (CHF 28.5 million) at CHF 32.0 million. In addition, payments for intangible assets and property, plant and equipment increased by a total of CHF 2.3 million to CHF 3.0 million (previous year's period: CHF 0.7 million).

Financing activities generated a cash inflow of CHF 26.5 million in the first half of 2012 (previous year's period: cash outflow of CHF 7.0 million), which is largely attributable to the net borrowing of CHF 33.5 million (previous year's period: CHF 2.7 million). This was partly offset by dividend payments of CHF 9.8 million (previous year's period: CHF 9.7 million).

On the basis of the present level of cash and cash equivalents and credit facilities available, the Highlight Group was able to meet its payment obligations at all times in the period under review.

Personnel report

As of June 30, 2012, the Highlight Group had 867 employees (June 30, 2011: 701). This figure includes employees on non-permanent, project-related contracts.

Events after the balance sheet date

On July 6, 2012, Constantin Film AG announced the founding of its new label "Alpenrot", which is aimed at promoting low-budget projects by talented young filmmakers and helping to bring them to the big screen. "Alpenrot" supports the filmmakers with expertise on financing, advises them on production and will also carry out distribution and marketing. The objective of the new label is to release one or two commercially promising movies in theaters each year.

As part of a multiyear agreement, Sky Deutschland secured the pay-TV premiere rights for Constantin Film own and co-productions for which filming has started by December 31, 2015 and to which Constantin Film holds the pay-TV rights. The contract covers titles such as "Blutzbrüdaz" and "Wickie auf grosser Fahrt" as well as future productions such as "3096" and "The Mortal Instruments". The agreement also includes exploitation of the titles in pay-per-view and as video-on-demand.

Report on opportunities and risks

From the current point of view, the Highlight Group's assessment of opportunities and risks has not changed significantly since the assessment at the end of 2011 (see detailed information in the 2011 annual report). The overall risk situation remains limited and manageable. In addition, no risks have been identified that individually or in combination threaten the existence of the Highlight Group as a going concern based on currently available information.

In addition to the disclosures made in the 2011 annual report, please also note the following risks:

For the TV broadcasters, in terms of tying big-spending advertising partners to a program provider, successful reach and market share performance are now more important than ever when buying and producing program content. This is why TV stations are increasingly reserving the option to back out of a format commissioned in contracts with producers if it fails to meet ratings expectations. Therefore, producers increasingly face the risk of having productions canceled at short notice. This was the case with the Constantin Entertainment GmbH service production "Lenßen", for example.

With TV service productions, the cost risk can be high due to development costs. In the event of non-commissioning, the costs are often only partially borne by the broadcaster. Even in the case of an order, there is no requirement for them to be added as initial costs to the budget of the respective broadcaster. Constantin Film AG is currently making bids for formats from all of the major broadcasters and has concluded development contracts for series and non-series formats. For this reason, the cost risk described is high for it as well as its competitors.

The film industry is still subject to the risk of considerable revenue losses due to film piracy on the Internet. The rise in illegal products could have the effect of reducing the number of moviegoers and reducing revenues in the home entertainment sector. The measures already taken by the Highlight Group include raising viewer awareness and increasing legal Internet content offerings in addition to supporting various interest groups.

There are currently signs that the public debate on protection of intellectual property and copyright in particular is intensifying. The entry of the Pirate Party into several regional parliaments and their growing popularity are being watched very closely by the film industry, as the party's program – including the call for largely watered-down copyright laws – undermines the interests of originators.

As is the case every year, the sponsorship income from the Eurovision Song Contest depends on the region holding the event. In this respect, it is still too early to say what financial impacts the decision to hold the event in Malmö will have.

Forecast

Theatrical production/acquisition of rights

The German Federal Film Fund (DFFF), the most important source of film financing in Germany, is to be extended beyond 2012, although it is yet to be seen whether the funding volume will remain at EUR 60 million per year. The "Cinema Communication of the EU Commission", which is likely to be issued in the second half of 2012, will be of significance to the future production of theatrical movies in Germany. One of its provisions will be the introduction of a specific cap on subsidies for theatrical movies in the respective EU countries, as the EU believes that the national subsidy systems are not compatible with EU competition regulations. If a corresponding regulation is actually passed this fall, this might impact on the stability and sustainability of many European film funding systems.

Constantin Film AG continues to focus its strategy on maintaining and optimizing the high standards of its national and international own and co-productions as well as on purchasing high-quality licensed titles. In addition, Constantin Film will be concentrating even more on producing English-language titles for the global market in future. Efforts are being made to produce and exploit movies of an event nature both on the global market and in Germany.

These are some of the titles slated for production in the second half of 2012: the school drama "Ich knall euch ab!", the adaptation of "The Mortal Instruments", the comedy "Fuck you, Göthe!" by Bora Dagtekin, the new comedy with Florian David Fitz "Da geht noch was!" and the Rat Pack youth film "V8".

TV service production

In the TV sector, the stable but slow-growing advertising market is hardly helping to improve the business situation of TV producers after the first half of the year. In June, viewing figures of private broadcasters fell sharply due to the European Football Championships, and transmission of the Olympic Games on the public channels is also likely to hit the private stations in July/August.

In the TV service production business area, Constantin Film AG is systematically implementing its strategy of increasing expansion efforts abroad, partly by tapping new markets, and of pushing sales with additional program providers. These measures are intended to reduce the current dependency on domestic business. In this business area, Constantin Film will also be increasingly turning towards major English-language productions that are geared towards international tastes in terms of casting and subject matter.

In the German TV market, Constantin Television GmbH productions will include the ARD series "Dampfnudelblues". MOOVIE – the art of entertainment GmbH is preparing to film "Das Jerusalem-Syndrom" (SWR), "Der Wagner-Clan" (ZDF), a "Polizeiruf 110" (BR) and the last episode of the crime series "Rosa Roth" this year. Olga Film GmbH is planning two episodes of the popular ZDF crime series "Kommissarin Lucas" this year, whilst Constantin Entertainment GmbH will be continuing the VOX documentary "Shopping Queen" as well as filming new episodes of the formats "Schicksale" (Sat.1), "Frauentausch" (RTL2) and "Extrem schön! Endlich ein neues Leben" (RTL2). In addition, "Show des Jahres" and "Comedy-Adventskalender 2012" will be produced on behalf of RTL.

Theatrical distribution

Further growth in revenue and audience figures on the German movie-theater market is expected following a strong first half-year. Many international top titles in different genres such as "Ice Age: Continental Drift", "Brave", "Prometheus", "The Dark Knight Rises", "Total Recall" and "The Bourne Legacy" are likely to attract large audience figures.

In this business area, Constantin Film AG is standing by its proven strategy of combining top own and co-productions with promising licensed titles. Such factors as selecting the right release date for the respective movie are hugely important to successful theatrical exploitation in a highly competitive environment. Five releases are currently planned for the period from July to December 2012, focusing on late summer/early fall as in previous years. The licensed title "Step Up Revolution", the international Constantin Film own production "Resident Evil: Retribution" (both filmed in 3-D) and the comedy "Heiter bis wolkig" are some of the films that will be released in this period.

Home entertainment

On the home entertainment market, business with video-on-demand is expected to increase further in 2012 in connection with higher sales figures for hybrid TV sets. In addition, the sales volume of Blu-ray-3-D discs is expected to increase further due to a more comprehensive film offering. Increases are also expected in the electronic sell-through sector as a result of the growing supply and widespread availability of Internet-enabled TVs.

Our proven strategy in home entertainment marketing of augmenting Constantin Film's strong own and co-productions with high-quality licensed titles will also continue in the current fiscal year. The highlights of our slate in the second half of 2012 include the licensed title "Movie 43", the youth film "The Famous Five" and the theatrical hit comedy "Türkisch für Anfänger".

License trading/TV exploitation

In license trading, the buoyant global business levels seen in the first half-year are expected to continue for the next few months. In TV exploitation, new forms of exploitation such as media libraries and video-on-demand open up additional opportunities to offer products to the public. In this respect, more offerings in these areas can be expected in the current fiscal year.

In its license trading/TV exploitation business area, Constantin Film AG will further expand its good, long-standing contacts with the major German TV channels and acquire new partners as well. In free TV exploitation, revenues from the licensing of movies such as "Law Abiding Citizen", "Tannöd" and "Vorstadtkrokodile 2" can be expected in the second half of 2012. For pay TV, the rights to films including "Step Up 3" are to be licensed.

Sports- and Event-Marketing

It remains the strategic goal of the TEAM Group to further consolidate its market position as one of the world's leading sports marketing agencies for major international events. The key success factors here are the company's proven, extensive expertise and its close and long-standing relationships with its customers.

The sales process for TV broadcasting and sponsorship rights for the new cycle of contracts for the UEFA Champions League and the UEFA Europa League (seasons 2012/13, 2013/14 and 2014/15) will continue to summer 2012. Sales within the TV markets and sponsor product categories are staggered and tactically planned to achieve the optimum sales results.

Other Business Activities

Following the investment in 2011 in the Cologne-based agency Pokermania, a specialist in the area of social gaming, the acquisition of Highlight Event AG extended Highlight Event & Entertainment AG's range of services to the entertainment area. With the marketing rights to the Eurovision Song Contest and the Vienna Philharmonic Orchestra as well as the extensive expertise of its employees, the company can expand its position in the event marketing sector. There are plans to further intensify the cooperation between Highlight Event & Entertainment AG and Highlight Communications AG, thus strengthening the market position of both companies.

In the next few months, the company will be focusing on selling the sponsorship rights to the Eurovision Song Contest 2013 in Malmö, Sweden. In addition, preparations for the Vienna Philharmonic Orchestra's 2013 New Year's Day Concert and the sale of the corresponding TV rights through to 2017 are already underway.

Highlight Group

In light of this – and assuming that exchange rates remain roughly stable – we reiterate our forecasts of Group sales of CHF 370 million to CHF 390 million and earnings per share of EUR 0.42 to EUR 0.44 for the current year.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of June 30, 2012 of Highlight Communications AG, Pratteln

The information within our interim report is originally published in German. Discrepancies or differences created in the translation are not binding and have no legal effect for compliance or enforcement purposes. If any questions arise related to the accuracy of the information contained in the translation, please refer to the German version of our interim report, which is the official and only binding version.

CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2012 (unaudited)

Highlight Communications AG, Pratteln

ASSETS (TCHF)	June 30, 2012	Dec. 31, 2011
Non-current assets		
In-house productions	125,897	127,930
Third-party productions	27,796	26,625
Film assets	153,693	154,555
Other intangible assets	4,885	4,785
Goodwill	20,801	20,883
Property, plant and equipment	9,955	9,380
Investments in associated companies and joint ventures	573	428
Non-current receivables	1,987	3,036
Other financial assets	245	250
Deferred tax assets	5,445	4,621
	197,584	**197,938**
Current assets		
Inventories	6,447	5,777
Trade accounts receivable and other receivables due from third parties	144,896	136,399
Receivables due from related parties	134	74
Receivables due from associated companies and joint ventures	2,622	1,946
Other financial assets	17,436	13,880
Income tax receivables	3,984	2,457
Cash and cash equivalents	151,804	140,711
	327,323	**301,244**
Total assets	**524,907**	**499,182**

EQUITY AND LIABILITIES (TCHF)	June 30, 2012	Dec. 31, 2011
Equity		
Subscribed capital	47,250	47,250
Treasury stock	–1,157	–1,157
Capital reserve	–102,694	–104,602
Other reserves	–28,035	–27,093
Retained earnings	162,327	136,738
Shareholders’ interests	11,320	31,610
Equity attributable to shareholders	89,011	82,746
Non-controlling interests	12,065	13,268
	101,076	**96,014**
Non-current liabilities		
Other liabilities	5	11,875
Pension liabilities	4,520	4,275
Provisions	287	309
Deferred tax liabilities	5,384	5,807
	10,196	**22,266**
Current liabilities		
Financial liabilities	235,872	204,207
Advance payments received	47,136	42,919
Trade accounts payable and other liabilities due to third parties	116,088	116,535
Liabilities due to related parties	210	286
Liabilities due to associated companies and joint ventures	36	1,430
Provisions	5,262	5,203
Income tax liabilities	9,031	10,322
	413,635	**380,902**
Total equity and liabilities	**524,907**	**499,182**

CONSOLIDATED INCOME STATEMENT
JANUARY 1 TO JUNE 30, 2012 (unaudited)

Highlight Communications AG, Pratteln

(TCHF)	1/1 to 6/30 2012	1/1 to 6/30 2011*	4/1 to 6/30 2012	4/1 to 6/30 2011*
Sales	**163,612**	**159,681**	**76,858**	**72,960**
Capitalized film production costs and other own work capitalized	**25,685**	**17,005**	**16,141**	**12,530**
Total output	**189,297**	**176,686**	**92,999**	**85,490**
Other operating income	**14,856**	**12,866**	**6,984**	**2,771**
Costs for licenses, commissions and materials	–20,485	–17,846	–10,305	–6,012
Costs for purchased services	–49,516	–42,318	–28,880	–27,546
Cost of materials and licenses	**–70,001**	**–60,164**	**–39,185**	**–33,558**
Salaries	–46,542	–44,703	–25,765	–20,722
Social security and pension costs	–5,095	-5,731	–2,646	–2,819
Personnel expenses	**–51,637**	**–50,434**	**–28,411**	**–23,541**
Amortization and impairment on film assets	–28,512	–28,356	–9,545	–12,166
Amortization, depreciation and impairment on intangible assets and property, plant and equipment	–2,036	–1,540	–1,069	–775
Amortization, depreciation and impairment	**–30,548**	**–29,896**	**–10,614**	**–12,941**
Other operating expenses	**–36,368**	**–28,964**	**–16,280**	**–12,570**
Profit from operations	**15,599**	**20,094**	**5,493**	**5,651**
Earnings from investments in associated companies and joint ventures	**129**	**–1,377**	**65**	**–1,186**
Financial income	1,797	8,023	831	5,258
Financial expenses	–4,938	–6,911	–2,592	–2,604
Financial result	**–3,141**	**1,112**	**–1,761**	**2,654**
Profit before taxes	**12,587**	**19,829**	**3,797**	**7,119**
Current taxes	–2,571	–2,997	694	–247
Deferred taxes	1,231	–583	–954	–476
Taxes	**–1,340**	**–3,580**	**–260**	**–723**
Net profit	**11,247**	**16,249**	**3,537**	**6,396**
thereof shareholders' interests	11,320	14,915	3,634	5,849
thereof non-controlling interests	–73	1,334	–97	547

(CHF)	1/1 to 6/30 2012	1/1 to 6/30 2011	4/1 to 6/30 2012	4/1 to 6/30 2011
Earnings per share				
Earnings per share attributable to shareholders, basic	0.25	0.32	0.08	0.12
Earnings per share attributable to shareholders, diluted	0.25	0.32	0.08	0.12

** The figures for the previous year's period have been adjusted (see notes to the consolidated interim financial statements, note 2 "Accounting and valuation principles")*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/LOSS JANUARY 1 TO JUNE 30, 2012 (unaudited)

Highlight Communications AG, Pratteln

(TCHF)	1/1 to 6/30 2012	1/1 to 6/30 2011
Net profit	**11,247**	**16,249**
Currency translation differences	–977	–4,615
Gains/losses from financial assets at fair value through other comprehensive income/loss	1,815	90
Other comprehensive income/loss, net of tax	**838**	**–4,525**
Total comprehensive income/loss	**12,085**	**11,724**
thereof shareholders’ interests	12,193	10,523
thereof non-controlling interests	–108	1,201

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY JANUARY 1 TO JUNE 30, 2012 (unaudited)

Highlight Communications AG, Pratteln

	Equity attributable		
(TCHF)	Subscribed capital	Treasury stock	Capital reserve
Balance as of January 1, 2011	**47,250**	**–1,147**	**–102,825**
Currency translation differences	–	–	–
Gains/losses from financial assets at fair value through other comprehensive income/loss	–	–	–
Other comprehensive income/loss, net of tax	–	–	–
Net profit	–	–	–
Total comprehensive income/loss	–	–	–
Reclassification of prior year's net profit	–	–	–
Purchase of treasury stock	–	–	–
Sale of treasury stock	–	–	–
Dividend payments	–	–	–
Change in non-controlling interests	–	–	31
Other changes	–	–	–
Balance as of June 30, 2011	**47,250**	**–1,147**	**–102,794**
Balance as of January 1, 2012	**47,250**	**–1,157**	**–104,602**
Currency translation differences	–	–	–
Gains/losses from financial assets at fair value through other comprehensive income/loss	–	–	–
Other comprehensive income/loss, net of tax	–	–	–
Net profit	–	–	–
Total comprehensive income/loss	–	–	–
Reclassification of prior year's net profit	–	–	–
Capital increase	–	–	–223
Purchase of treasury stock	–	–	–
Sale of treasury stock	–	–	–
Dividend payments	–	–	–
Change in non-controlling interests	–	–	2,131
Other changes	–	–	–
Balance as of June 30, 2012	**47,250**	**–1,157**	**–102,694**

to the shareholders					
Other reserves	Retained earnings	Shareholders' interests	Total	Non-controlling interests	Total equity
–24,908	**113,079**	**36,172**	**67,621**	**4,959**	**72,580**
–4,482	–	–	–4,482	–133	–4,615
–	90	–	90	–	90
–4,482	90	–	–4,392	–133	–4,525
–	–	14,915	14,915	1,334	16,249
–4,482	90	14,915	10,523	1,201	11,724
–	36,172	–36,172	–	–	–
–	–	–	–	–	–
–	–	–	–	–	–
–	–7,837	–	–7,837	–1,885	–9,722
–	–	–	31	–31	–
–	–	–	–	–	–
–29,390	**141,504**	**14,915**	**70,338**	**4,244**	**74,582**
–27,093	**136,738**	**31,610**	**82,746**	**13,268**	**96,014**
–942	–	–	–942	–35	–977
–	1,815	–	1,815	–	1,815
–942	1,815	–	873	–35	838
–	–	11,320	11,320	–73	11,247
–942	1,815	11,320	12,193	–108	12,085
–	31,610	–31,610	–	–	–
–	–	–	–223	2,953	2,730
–	–	–	–	–	–
–	–	–	–	–	–
–	–7,836	–	–7,836	–1,917	–9,753
–	–	–	2,131	–2,131	–
–	–	–	–	–	–
–28,035	**162,327**	**11,320**	**89,011**	**12,065**	**101,076**

CONSOLIDATED STATEMENT OF CASH FLOWS JANUARY 1 TO JUNE 30, 2012 (unaudited)

Highlight Communications AG, Pratteln

(TCHF)	1/1 to 6/30 2012	1/1 to 6/30 2011
Net profit	11,247	16,249
Deferred taxes	–1,231	583
Current taxes	2,571	2,997
Financial result (without currency result)	1,031	1,374
Earnings from investments in associated companies and joint ventures	–129	1,377
Amortization, depreciation and impairment on non-current assets	30,548	29,896
Gain (–)/loss (+) from disposal of non-current assets	–64	19
Other non-cash items	–1,556	–961
Increase (–)/decrease (+) in inventories, trade accounts receivable and other assets not classified to investing or financing activities	–8,728	–370
Decrease (–)/increase (+) in trade accounts payable and other liabilities not classified to investing or financing activities	–8,346	–18,776
Dividends received from associated companies and joint ventures	–	352
Interest paid	–1,756	–1,839
Interest received	301	633
Income taxes paid	–5,766	–5,699
Income taxes received	445	216
Cash flow from operating activities	**18,567**	**26,051**
Payments for intangible assets	–962	–60
Payments for film assets	–32,018	–28,506
Payments for property, plant and equipment	–1,994	–645
Payments for financial assets	–22	–
Proceeds from disposals of property, plant and equipment	234	17
Cash flow for investing activities	**–34,762**	**–29,194**
Proceeds from capital increases and the issue of equity instruments	2,730	–
Repayment of current financial liabilities	–62,000	–90,732
Proceeds from receipt of current financial liabilities	95,516	93,433
Dividend payments	–9,753	–9,722
Cash flow from/for financing activities	**26,493**	**–7,021**
Cash flow from/for the reporting period	**10,298**	**–10,164**
Cash and cash equivalents at the beginning of the reporting period	140,711	166,039
Change in cash and cash equivalents due to exchange rate movements	795	–4,302
Cash and cash equivalents at the end of the reporting period	151,804	151,573
Change in cash and cash equivalents	**10,298**	**–10,164**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF JUNE 30, 2012

Highlight Communications AG, Pratteln

1. General information about the Group

The Group parent company, Highlight Communications AG, has its registered office in Netzibodenstrasse 23b, Pratteln/Switzerland.

Highlight Communications AG's Board of Directors authorized publishing of the accompanying unaudited, condensed consolidated interim financial statements on August 14, 2012.

2. Accounting and valuation principles

The accompanying unaudited, condensed consolidated interim financial statements for the period from January 1, 2012 to June 30, 2012 have been prepared according to IAS 34 (Interim Financial Reporting) and in conformity with International Financial Reporting Standards (IFRS) and the Interpretations of the International Financial Reporting Interpretations Committee (SIC/IFRIC).

The condensed consolidated interim financial statements do not include all explanations and disclosures required for the financial statements for the full fiscal year and should be read in conjunction with the consolidated financial statements of the company as of December 31, 2011.

The accounting and valuation principles used in the consolidated financial statements as of December 31, 2011 remained consistent with those applied in the accompanying condensed consolidated interim financial statements except for the first-time adoption of amended or revised IFRS standards and interpretations explained below. As a result of the amendment to accounting policies implemented in fiscal year 2011 (see annual report 2011, notes to the consolidated financial statements, note 2.1), the corresponding items of the income statement for the comparative period have been adjusted. The change affects the following items:

(TCHF)	Jan. 1 to June 30, 2011 before adjustments	Adjustments	Jan. 1 to June 30, 2011 after adjustments
Other operating income	12,815	51	12,866
Cost of materials and licences	–64,396	4,232	–60,164
Other operating expenses	–23,712	–5,252	–28,964
Profit from operations	21,063	–969	20,094
Financial result	143	969	1,112

The consolidated interim financial statements are presented in Swiss francs, which represent the functional and reporting currency of the Group parent company. In general, the amounts are stated in thousands of Swiss francs (TCHF), except where otherwise indicated.

The preparation of the consolidated interim financial statements in conformity with IFRS requires management to use estimates and assumptions that affect the classification and measurement of reported income, expenses, assets, liabilities, contingent liabilities and contingent assets as of the balance sheet date. These estimates and assumptions represent management's best estimate based on historical experience and other factors, including estimates about future events. The estimates and assumptions are continually reviewed. Changes in accounting estimates are necessary if changes occur in the circumstances on which the estimate was based or as a result of new information or additional findings. Such changes are recognized in the period of the change. For additional information, refer to the annual report 2011, notes to the consolidated financial statements, note 9.

3. Changes in accounting principles

The Group has applied the amendments of IFRS 7, Financial Instruments: Disclosures: Transfers of Financial Assets, as well as the changes in IAS 12, Income Taxes, and IFRS 1, First Time Adoption of International Financial Reporting Standards, since the start of fiscal 2012. The first-time adoption had no effect on these consolidated interim financial statements.

The Highlight Group voluntarily waived the earlier adoption of the new or revised standards and interpretations, whose application is not yet mandatory for the 2012 fiscal year. For additional information, refer to the annual report 2011, notes to the consolidated financial statements, note 2.3.

4. Changes in scope of consolidation

On January 22, 2012, Rainbow Home Entertainment AG, Pratteln, acquired 22.0% in Kuuluu Interactive Entertainment AG, Pratteln, for a purchase price of TCHF 22. The company has been included in the consolidated interim financial statements at equity. The transaction did not have a material effect on the present consolidated interim financial statements.

Highlight Event AG, Lucerne, was founded on February 6, 2012 as a wholly-owned subsidiary of Team Holding AG, Lucerne. On April 1, 2012, it was sold to Highlight Event & Entertainment AG, Düdingen (operating under the name Escor Casinos & Entertainment SA until May 11, 2012). This transaction marks the completion of hiving off the music business from the Team Group and transferring these business activities to Highlight Event & Entertainment AG.

On April 2, 2012 Constantin Entertainment AG, Pratteln, was founded as a wholly-owned subsidiary of Rainbow Home Entertainment AG. The transaction did not have a material effect on the present consolidated interim financial statements.

As part of the capital increase of Highlight Event & Entertainment AG implemented on May 29, 2012, all 495,000 newly created bearer shares offered were subscribed for CHF 17.50 per share. Highlight Communications AG's stake in Highlight Event & Entertainment AG increased to 58.967% after the capital increase. Including the treasury shares held by Highlight Event & Entertainment AG, Highlight Communications AG now has a holding of 59.517%.

5. Financial risk management

The Group is exposed to various financial risks arising from operating business activities and financing activities. Financial risks of relevance to the Group arise from changes in foreign exchange rates, market risks for financial assets, changes in interest rates, liquidity as well as creditworthiness and the solvency of the Group's business partners. For additional information, refer to the annual report 2011, notes to the consolidated financial statements, note 7.

6. Explanatory notes to selected items of the balance sheet and the profit and loss account

Total assets amounted to TCHF 524,907 as of June 30, 2012 after TCHF 499,182 as of December 31, 2011. While non-current assets remained virtually unchanged compared with the end of 2011 at TCHF –354, current assets rose by TCHF 26,079 as of June 30, 2012 to TCHF 327,323. Trade accounts receivable and other receivables (TCHF +8,497) and cash and cash equivalents (TCHF +11,093) all rose. On the liabilities side, non-current liabilities decreased by TCHF 12,070, while current liabilities increased by TCHF 32,733. Equity also increased by TCHF 5,062.

As of June 30, 2012, film assets decreased by TCHF 862 compared to December 31, 2011. Third-party productions increased by TCHF 1,171, while in-house productions declined by a total of TCHF 2,033. The decrease in in-house productions was mainly due to higher amortization and impairment compared to investments in film assets.

Compared with December 31, 2011, current receivables showed a date-related rise of TCHF 9,233. This is due to the TCHF 8,497 increase in trade accounts receivable and other receivables and the total growth in receivables due from associated companies and joint ventures of TCHF 676. Receivables due from related parties climbed by TCHF 60.

Other current financial assets increased by TCHF 3,556 to TCHF 17,436. One reason for this is the increase of the value of the shares held in Constantin Medien AG, which is shown in the statement of other comprehensive income/loss.

Cash and cash equivalents rose from TCHF 140,711 to TCHF 151,804 as of June 30, 2012. Financing activities generated a cash inflow of TCHF 26,493 mainly as a result of the net borrowing of financial liabilities. This was offset by the Group's investing activities that used cash of TCHF 34,762, which was essentially due to payments for film assets. Operating activities had a positive cash flow of TCHF 18,567.

Equity rose by TCHF 5,062 from TCHF 96,014 to TCHF 101,076 as of June 30, 2012. This increase is essentially due to the net profit for the period of TCHF 11,247. A further positive effect of TCHF 1,815 resulted from the growth in the value of the shares in Constantin Medien recognized in retained earnings. The reduction in other reserves of TCHF 942 results from the translation of the equity of companies that do not use the Swiss franc as their functional currency. Dividends of TCHF 9,753 were also distributed.

The sale of Highlight Event AG to Highlight Event & Entertainment AG described in note 4 fulfills the definition of a common control transaction. In this transaction, the net assets of the purchased company are transferred at carrying amounts and the difference between the purchase price and the net assets is offset with equity. In total, the sale of Highlight Event AG to Highlight Event & Entertainment AG led to an increase in the capital reserve and a decrease in non-controlling interests of TCHF 2,344.

The capital increase implemented by Highlight Event & Entertainment AG resulted in an increase of non-controlling interests of TCHF 2,953. The transaction costs occured in this context resulted in a decrease in the capital reserve of TCHF 223. In addition, the increase in the stake of Highlight Communications AG in Highlight Event & Entertainment AG led to a decrease in the capital reserve of TCHF 213 and an increase in non-controlling interests of TCHF 213.

While non-current liabilities were down by TCHF 12,070 to TCHF 10,196, essentially as a result of the reclassification of the purchase price paid to UEFA of TCHF 11,866 to current other liabilities, current liabilities climbed by TCHF 32,733 to TCHF 413,635. Advance payments received rose by TCHF 4,217 to TCHF 47,136. At the same time current financial liabilities increased by TCHF 31,665 to TCHF 235,872. This increase was mainly due to financing of film projects.

Sales in the first six months of 2012 were TCHF 163,612, after TCHF 159,681 in the first half of 2011. While sales from the Sports- and Event-Marketing segment decreased by TCHF 3,062 mainly due to currency fluctuations, sales from the Film segment jumped by TCHF 5,187. Capitalized film production costs and other own work capitalized increased by TCHF 8,680 compared to previous year's period. This growth is largely attributable to the Film segment and reflects the higher production volume as compared to the first six months of 2011.

Cost of materials and licenses climbed by TCHF 9,837 year-on-year. The increase was chiefly a result of higher production volumes in the Film segment.

Personnel expenses amounted to TCHF 51,637 in the reporting period, equivalent to a rise of TCHF 1,203 as against the first half of 2011. Staff costs increased in the Film segment due to production, while staff costs fell in the Sports- and Event-Marketing segment.

Amortization, depreciation and impairment on film assets as well as intangible assets and property, plant and equipment totaling TCHF 30,548 (previous year's period: TCHF 29,896) includes TCHF 27,512 in amortization, depreciation (previous year's period: TCHF 27,185) as well as impairment of TCHF 3,036 (previous year's period: TCHF 2,711), which relates in full to film assets.

The unrecognized share of losses of companies measured at equity amounted to TCHF 505.

The financial result of the first six months of 2012 declined by a total of TCHF 4,253 compared to previous year's period, mainly as a result of currency effects. The gains from changes in the fair value of financial instruments from an equity swap transaction amounted to TCHF 175 in the reporting period (previous year's period: gains of TCHF 511). This transaction was the sale of 900,000 treasury shares by Highlight Communications AG to a financial institution (counterparty) at a price of EUR 6.90 per share.

7. Explanatory notes to equity

As of June 30, 2012, the balance of directly and indirectly held non-voting treasury shares amounted to 1,156,567 Highlight Communications AG shares (December 31, 2011: 1,156,567). Highlight Communications AG did not buy or sell any treasury shares in the first six months of the period under review.

8. Dividend

Proposed dividends are not recognized until the proposed appropriation of available earnings is approved by the Annual General Meeting. For fiscal year 2011, the Board of Directors proposed to the Annual General Meeting that took place on June 1, 2012 a dividend distribution of CHF 0.17 per share from legal reserves from capital contributions. The dividend was approved by the Annual General Meeting and distributed from June 11, 2012.

9. Segment reporting

The following segment information is based on an approach commonly known as the management approach.

The management of the company has been jointly identified as the chief operating decision maker. It continues to make decisions on the allocation of resources to the segments and rates their success on the basis of the figures for sales and segment result. The Group's management does not rate the segments on the basis of their assets and liabilities.

Based on the internal management reporting system and the underlying organizational structure of internal reporting, the Group is classified unchanged into the three operative segments: Film, Sports- and Event-Marketing and Other Business Activities. The administrative functions of the Highlight Communications AG holding company are reported under Others. The elimination of inter-segment relations is reported in the reconciliation column.

The hiving off of the music business from the Team Group and the inclusion of this business area in the Highlight Event & Entertainment AG changed the internal organizational structure and thus the segment composition starting from April 1, 2012. From this point on the Highlight Group reports the activities of Highlight Event AG in the "Other Business Activities" segment. In previous periods, the segment data was determined according to the segment composition of fiscal year 2011 (see annual report 2011, notes to the consolidated financial statements, note 8). The effects of this change in the internal organizational structure of the Highlight Group on the previous year are immaterial.

The segment result is defined as earnings before earnings from investments in associated companies and joint ventures, before financial result and before taxes.

Sales and service transactions between business segments are generally rendered at prices that would have been agreed with third parties.

Segment information January 1 to June 30, 2012

(TCHF)	Film	Sports- and Event-Marketing	Other Business Activities	Other	Recon-ciliation	Group
External sales	118,955	42,851	1,806	–	–	163,612
Other segment income	39,624	557	857	–	–497	40,541
Segment expenses	–158,385	–23,750	–4,094	–2,822	497	–188,554
thereof depreciation, amortization	*–26,473*	*–473*	*–566*	–	–	*–27,512*
thereof impairment	*–3,036*	–	–	–	–	*–3,036*
Segment result	**194**	**19,658**	**–1,431**	**–2,822**	–	**15,599**
Non-allocable items:						
Earnings from investments in associated companies and joint ventures						129
Financial income						1,797
Financial expenses						–4,938
Profit before taxes						**12,587**

Segment information January 1 to June 30, 2011*

(TCHF)	Film	Sports- and Event-Marketing	Other Business Activities	Other	Recon-ciliation	Group
External sales	113,768	45,913	–	–	–	159,681
Other segment income	29,849	22	–	–	–	29,871
Segment expenses	–138,036	–28,839	–	–2,583	–	–169,458
thereof depreciation, amortization	*–26,561*	*–624*	–	–	–	*–27,185*
thereof impairment	*–2,711*	–	–	–	–	*–2,711*
Segment result	**5,581**	**17,096**	–	**–2,583**	–	**20,094**
Non-allocable items:						
Earnings from investments in associated companies and joint ventures						–1,377
Financial income						8,023
Financial expenses						–6,911
Profit before taxes						**19,829**

** The figures for the previous year's period have been adjusted (see notes to the consolidated interim financial statements, note 2 "Accounting and valuation principles")*

10. Financial commitments, contingent liabilities and other financial obligations

Compared to the consolidated financial statements as of December 31, 2011, financial commitments, contingent liabilities and other financial obligations declined by TCHF 9,340 to TCHF 67,520 as of June 30, 2012.

11. Related party disclosures

As part of its normal business activities, the company maintains relations with associated companies and joint ventures as well as companies controlled by members of the Board of Directors.

As of June 30, 2012, there were current receivables of TCHF 2 (December 31, 2011: TCHF 57) due from Constantin Medien AG. The income generated with Constantin Medien AG in the reporting period amounted to TCHF 4 (previous year's period: TCHF 14). The expenses of TCHF 23 (previous year's period: TCHF 189) essentially resulted from the allocation of Group-wide functions such as the Berlin offices of the Constantin Medien Group. There were liabilities of TCHF 5 on June 30, 2012 (December 31, 2011: TCHF 134).

In the reporting period, total revenue of TCHF 268 (previous year's period: TCHF 0) was generated with SPORT1 Gaming I GmbH and SPORT1 Gaming II GmbH, both indirectly wholly-owned subsidiaries of Constantin Medien AG. Receivables amounted to a total of TCHF 103 as of June 30, 2012 (December 31, 2011: TCHF 17).

In the reporting period, expenses for the rental of server rooms in the amount of TCHF 0 (previous year's period: TCHF 8) were incurred with SPORT1 GmbH, an indirectly wholly-owned subsidiary of Constantin Medien AG. As of June 30, 2012, there were neither receivables nor liabilities (December 31, 2011: TCHF 0 respectively).

Expenses of TCHF 236 were incurred with Plazamedia GmbH TV- & Film-Produktion, an indirectly wholly-owned subsidiary of Constantin Medien AG, in the first six months of 2012 (previous year's period: TCHF 158). There were total liabilities of TCHF 29 as of June 30, 2012 (December 31, 2011: TCHF 47).

In the reporting period, expenses of TCHF 7 (previous year's period: TCHF 20) were incurred with Plazamedia Swiss AG, an indirectly wholly-owned subsidiary of Constantin Medien AG. There were no liabilities as of June 30, 2012 (December 31, 2011: TCHF 4).

Highlight Group's sales and other operating income of TCHF 406 in the reporting period (previous year's period: TCHF 448) realized with PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH essentially related to the service production "Dahoam is Dahoam". As of June 30, 2012, there were receivables of TCHF 675 (December 31, 2011: TCHF 5). Liabilities amounted to TCHF 0 as of June 30, 2012 (December 31, 2011: TCHF 1,430).

Sales of TCHF 0 (previous year's period: TCHF 803) as well as expenses of TCHF 136 (previous year's period: TCHF 48) were generated with NEF-Production (Société par Action Simplifiée) during the reporting period. Receivables stood at TCHF 1,917 (December 31, 2011: TCHF 1,941). These mainly resulted from the co-production "The Three Musketeers".

Total revenue of TCHF 247 was incurred with Kuuluu Interactive Entertainment AG in the reporting period (previous year's period: TCHF 0). There were receivables of TCHF 30 as of June 30, 2012 (December 31, 2011: TCHF 0). Liabilities amounted to TCHF 36 as of June 30, 2012 (December 31, 2011: TCHF 0).

Related persons include the members of the Board of Directors and the members of Group management as well as their relatives.

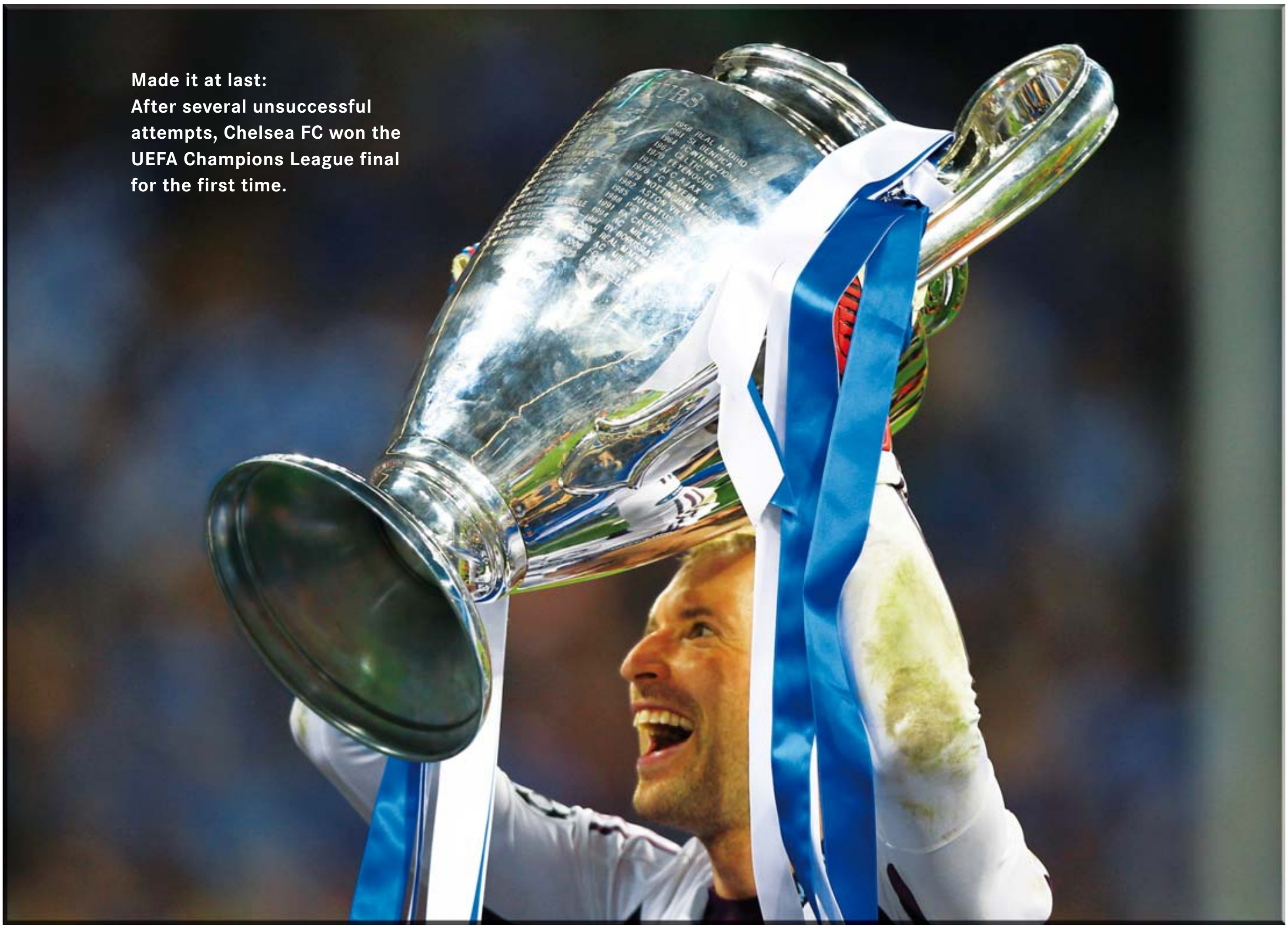
Highlight Communications AG did not perform material services for companies controlled by related parties, neither in the reporting period nor in the previous year's period.

A consulting agreement was in existence between the Highlight Group and Fred Kogel GmbH during the reporting period, which resulted in expenses of TCHF 181 in the first half of 2012 (previous year's period: TCHF 191). This agreement was extended by one year and runs until December 31, 2013 and covers license trading, TV service production and film distribution. This did not result in any liabilities as of June 30, 2012 (December 31, 2011: TCHF 30).

All transactions with related companies and persons are carried out at arm's length conditions.

12. Events after the balance sheet date

The management and the Board of Directors are not aware of any events that happened after the balance sheet date and have a significant influence on the net assets, financial position and results of operations of the Highlight Group.



Events 2012

Film	
Locarno Film Festival	August 1 – 11
Venice Film Festival	August 29 – September 8
Toronto Film Festival	September 6 – 16

Sports- and Event-Marketing	
UEFA Super Cup	August 31

Investor Relations	
German Equity Forum	November 12 – 14
Interim report	November

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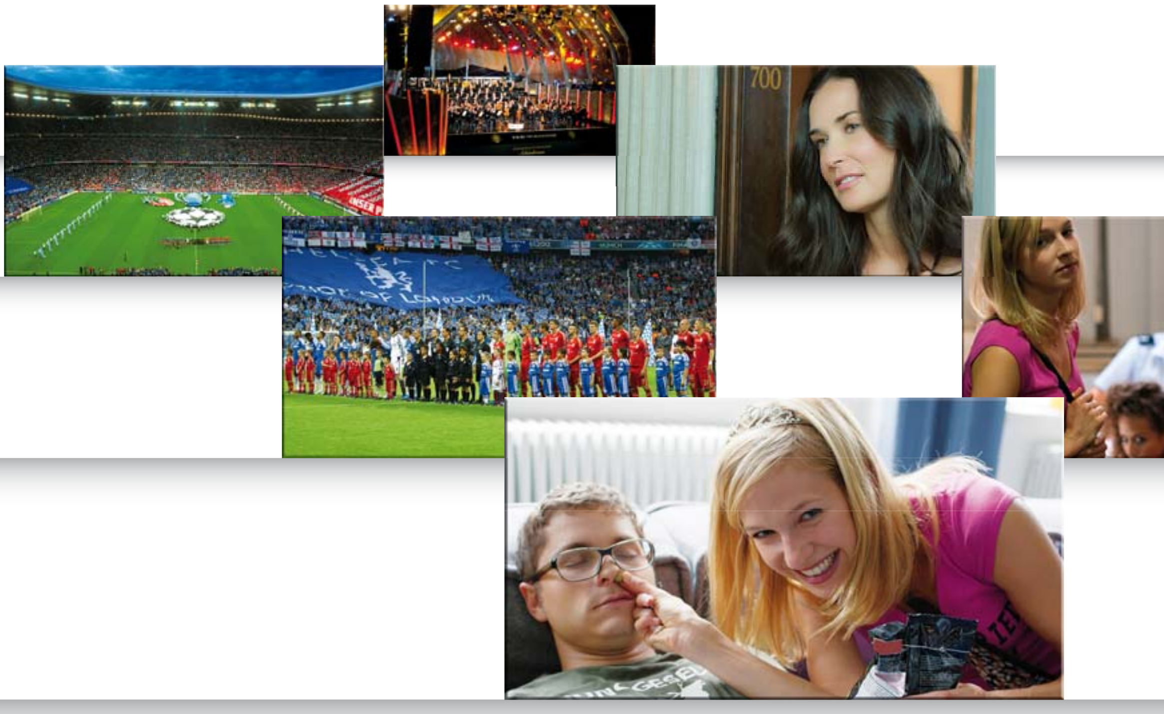

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