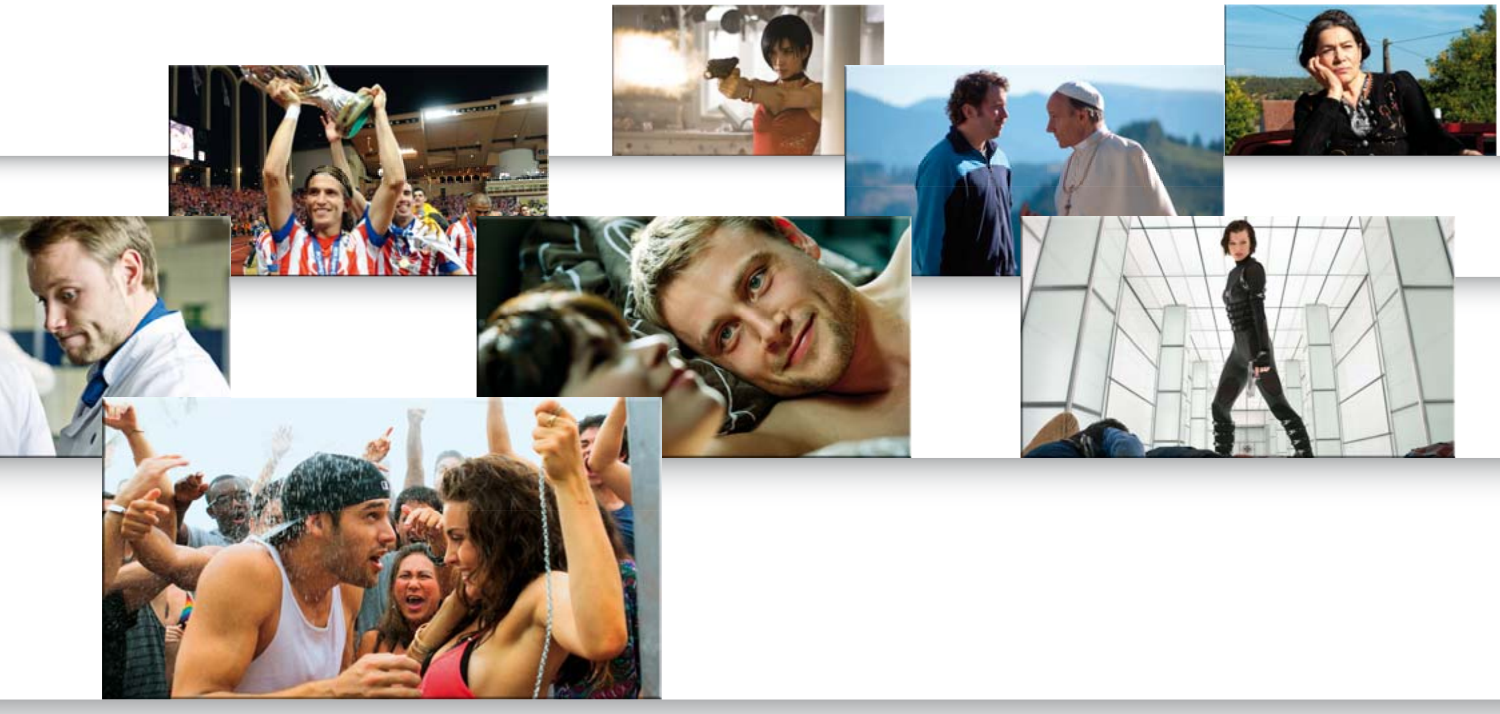
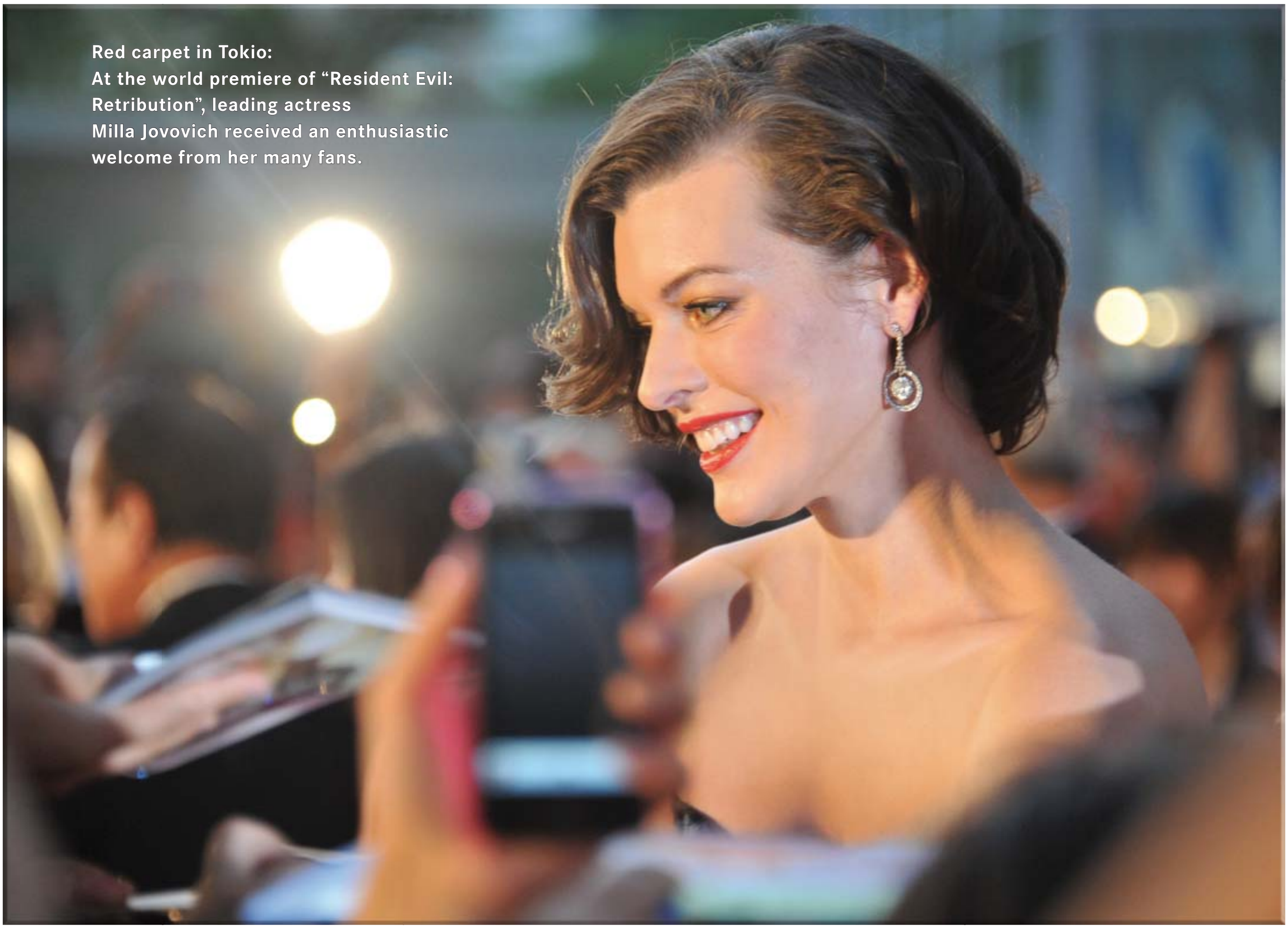
Highlight

Interim Report
as of September 30, 2012





Red carpet in Tokio:
At the world premiere of "Resident Evil: Retribution", leading actress Milla Jovovich received an enthusiastic welcome from her many fans.

Consolidated sales of the Highlight Group were up 27.8 % year-on-year in the first nine months, while the profit from operations improved by 9.9 %.

Highlight Communications AG, Pratteln, Switzerland

Film		Sports- and Event-Marketing	Other Business Aktivities
100 %	**100 %**	**100 %**	**58.97 %**
Constantin Film AG MUNICH, GERMANY Subsidiaries of Constantin Film AG **Constantin Film Schweiz AG** PRATTELN, SWITZERLAND	**Highlight Communications (Deutschland) GmbH** MUNICH, GERMANY **Rainbow Home Entertainment AG** PRATTELN, SWITZERLAND **Rainbow Home Entertainment GmbH** VIENNA, AUSTRIA	**Team Holding AG** LUCERNE, SWITZERLAND **T.E.A.M. Television Event And Media Marketing AG** LUCERNE, SWITZERLAND **Team Football Marketing AG** LUCERNE, SWITZERLAND	**Highlight Event & Entertainment AG** DÜDINGEN, SWITZERLAND **Highlight Event AG** LUCERNE, 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,

As expected, in the third quarter of 2012 the Highlight Group posted its highest sales and earnings of the current fiscal year to date.

This was due firstly to the successful releases of the international Constantin Film own production "Resident Evil: Retribution" and the licensed title "Step Up Revolution" and secondly to the high sales figures generated by the culture clash comedy "Türkisch für Anfänger" in home entertainment exploitation.

As a result of these positive developments, our consolidated sales in the first nine months of 2012 amounted to CHF 312.7 million – up 27.8 % on the previous year's figure of CHF 244.7 million. Total output of the Highlight Group (sales plus capitalized film production costs and other own work capitalized) increased by as much as 30.2 % to CHF 357.2 million (previous year's period: CHF 274.3 million). Consolidated operating expenses increased by 28.7 % to CHF 344.8 million (previous year's period: CHF 267.9 million), and the profit from operations (EBIT) improved by 9.9 % from CHF 27.3 million to CHF 30.0 million.

Mainly as a result of currency effects, the financial result was CHF 7.2 million lower than in the first nine months of the previous year. This meant that the positive operational development was not fully reflected in the consolidated net profit. At CHF 21.5 million, the consolidated net profit was CHF 3.0 million lower than the previous year's figure. The share of earnings attributable to Highlight's shareholders amounted to CHF 20.9 million (previous year's period: CHF 23.4 million). Based on the shares in circulation, this corresponds to earnings per share of CHF 0.45 (previous year's period: CHF 0.51).

The development of the Film segment was very pleasing: With external sales of CHF 248.2 million, it exceeded the previous year's figure of CHF 175.6 million by 41.3 %. At the same time, other income recorded an increase of CHF 10.8 million to CHF 61.2 million. Expenses climbed by CHF 79.9 million to CHF 299.9 million. Accordingly, segment earnings improved considerably by 61.0 % to CHF 9.5 million (previous year's period: CHF 5.9 million).

At CHF 57.1 million, external sales of the Sports- and Event-Marketing segment were 17.0 % lower than the previous year's level (CHF 68.8 million). This decline chiefly resulted from the fact that UEFA has been managing the organization of the UEFA Champions League and the UEFA Europa League by itself since July 1, 2012. A further decrease in external sales is due to currency effects and the reclassification of the music business to the Other Business Activities segment. Savings of CHF 10.1 million could not fully compensate for this decline, meaning that the segment earnings of CHF 25.4 million were slightly lower than the figure for the first nine months of the previous year (CHF 26.3 million).

The Other Business Activities segment, which was formed with effect from July 1, 2011, generated external sales of CHF 7.3 million (previous year's period: CHF 0.4 million) and other income of CHF 1.1 million (previous year's period: CHF 0 million). After deducting expenses of CHF 9.4 million (previous year's period: CHF 1.2 million), the segment earnings of CHF – 0.9 million were at the previous year's level (CHF – 0.8 million).

The Constantin Film Group released a total of eleven films in German theaters in the period from January to September 2012. Among all distributors, it thereby achieved a substantial market share of 8.2 % in terms of revenues and as much as 8.5 % in terms of viewers. In addition, the Constantin Film co-production "Türkisch für Anfänger" was the German film with the highest revenues and viewer numbers in the first nine months. On the international movie markets, "Resident Evil: Retribution" met with great success. The fifth part of the franchise has already brought in more than USD 200 million worldwide.

In the home entertainment business area, we continued our success with attractive new releases and high-selling library titles. With 280,000 units sold by the end of September, the comedy "Türkisch für Anfänger" was our bestseller in the third quarter. The youth adventures "The Famous Five" and "Das Haus der Krokodile" also generated strong sales figures. On this basis, we – together with our sales partner Paramount Home Entertainment – increased our market share in the German video sell-through market to 12 %.

In the Sports- and Event-Marketing segment, the TEAM Group sold the TV broadcasting rights to the UEFA Champions League and the UEFA Europa League in further markets in the third quarter – including in countries such as China, Singapore and Switzerland. Furthermore, promising talks were held with various companies with regard to purchasing sponsorship rights for both competitions. Corresponding contracts are expected to be signed by the end of the year at the latest.

In the current fourth quarter, we expect the positive business performance so far to continue and are therefore reiterating our sales and earnings forecast for 2012 as a whole. As before, we expect to generate consolidated sales of between CHF 370 million and CHF 390 million and earnings per share of EUR 0.42 to EUR 0.44.

HIGHLIGHT COMMUNICATIONS AG STOCK

Development of the capital markets

Despite continued weak global economic development and the ongoing euro debt crisis, almost all international stock markets recorded a clear upward trend in the third quarter of 2012. Positive impetus was mainly provided by the decision of the German Constitutional Court classifying the European rescue fund ESM as constitutional as well as the announcement of the European Central Bank that it would buy unlimited amounts of bonds issued by European governments under certain conditions. In addition, the US Federal Reserve announced enhanced measures to support the US economy.

In light of this, the Dow Jones Industrial Average Index gained 4.3 % in value from July to September (+10 % since the beginning of the year) to close the quarter at 13,437 points. The Swiss Market Index (SMI) performed even better from just a small increase at mid-year to a jump of 7.1 % in the third quarter to close at 6,496 points. This corresponds to an increase of more than 9.4 % in the first nine months of the year.

However, the clear winner among the leading indices was the DAX. Having closed at 7,216 points, it generated growth of 800 points or 12.5 % from July to September (+22.4 % since the beginning of the year) and thus more than offset the losses of the second quarter of 2012. The SDAX small cap index, which also includes the Highlight stock, generated an increase of 4.2 % in the third quarter (+13.2 % since the beginning of the year) to close trading at 5,004 points. The index for German media stocks (DAXsector Media), which had performed impressively as early as the middle of the year with high double-digit growth, rose a further 8.8 % (+36.0 % since the beginning of the year) to 170 points.

Performance of Highlight stock in the third quarter of 2012

Highlight shares also benefited from this positive market environment, especially at the beginning of the third quarter. Starting from the closing figure from the first six months of EUR 3.33, the share price rose considerably to EUR 3.75 in the first three trading weeks. The subsequent lateral movement at EUR 3.66 lasted until mid-August and was followed by a gradual downward trend that pushed the share price down again to EUR 3.46 by mid-September.

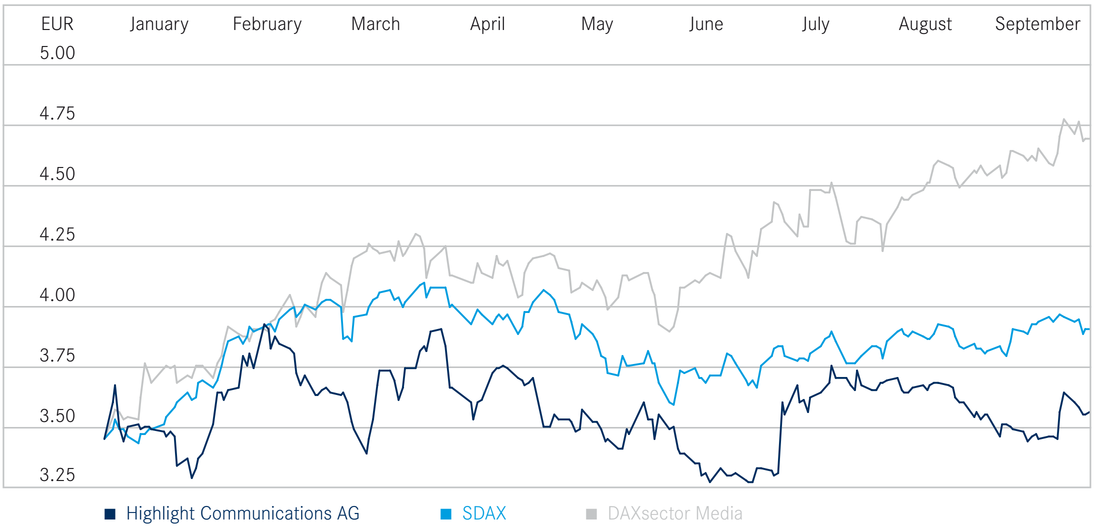
After a recovery period, Highlight stock closed on Xetra at EUR 3.56 on September 30, corresponding to a rise of 6.9 % in the third quarter and 3.2 % from January to September 2012. As of the end of the quarter, the 52-week high was EUR 4.07 (February 14, 2012) while the 52-week low was EUR 3.02 (December 12, 2011).

In the third quarter of 2012, a total of 2.49 million Highlight shares were traded on the Xetra trading system of Deutsche Börse – corresponding to a daily average of 38,300 shares. Turnover per trading day thus more than doubled compared with the previous year's figure of 19,100 shares. Trading volume over the first nine months of the year increased from around 6.76 million shares (35,000 shares per trading day) to a little more than 7.30 million (38,000 per trading day).

Due to this development, Highlight shares improved to 97th place as of September 30, 2012 (June 30, 2012: 100th) in Deutsche Börse's corresponding rankings for the MDAX and SDAX segments. In terms of free float market capitalization, they ranked 100th (June 30, 2012: 102nd).

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

As of September 30, 2012, the subscribed capital of Highlight Communications AG 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 third quarter.

Constantin Medien AG still holds 47.3 % of Highlight's shares, while around a further 8.3 % are owned by DWS Investment GmbH. In addition, members of the Board of Directors as well as private and institutional investors hold significant share packages. As of September 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 regularly published annual and interim reports, which give a detailed insight into the current performance of our company. We also inform market players on 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 September 30, 2012

ISIN/ticker	CH 000 653 9198/HLG
Indices	SDAX, DAXsector Media
Closing price	EUR 3.56
52-week high	EUR 4.07
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 164.1 million

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

In the third quarter of 2012, Highlight Communications AG received no notifications from members of the Board of Directors or the management of the Group regarding acquisition or sales transactions subject to reporting.

As of September 30, 2012, the Chairman and Delegate of the Board of Directors Bernhard Burgener and Board of Directors member René Camenzind held direct or indirect shareholdings amounting to more than 1% of the subscribed capital. 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 September 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. Self-produced films are usually marketed worldwide, while third-party productions are exploited mainly in German-speaking countries. In doing so, all levels of the exploitation chain (theatrical distribution, DVD/Blu-ray releases and TV broadcasting) are fully utilized. In addition to theatrical movies, the Constantin Film Group produces fictional and non-fictional products for German and foreign TV broadcasters.

On the Swiss movie market, the Highlight Group is represented by Constantin Film Schweiz AG, Pratteln, which is indirectly wholly-owned by Highlight Communications AG. 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 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. Highlight Communications (Deutschland) GmbH cooperates with Paramount Home Entertainment on 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 (HLEE), Düdingen, in which Highlight Communications AG holds a 58.97% stake. On April 1, 2012, HLEE acquired all the shares in Highlight Event AG from Team Holding AG. As part of this acquisition, it also obtained the marketing rights to the Eurovision Song Contest and the Vienna Philharmonic Orchestra, giving it a foothold in event marketing.

HLEE also holds a 50.004% stake in Cologne-based full-service agency Pokermania GmbH, which specializes in the development of online gaming business models and the 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 sales. Another key parameter is earnings per share.

Important events in the third quarter

On July 6, 2012, Constantin Film AG announced the founding of its initiative "Alpenrot", which is aimed at promoting low-budget projects by talented young filmmakers. "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 AG holds the pay TV rights. The contract covers films such as "Blutzbrüdaz" and "Wickie auf grosser Fahrt" as well as future productions such as "3096 Tage" and "The Mortal Instruments". In addition to pay TV broadcasting, the agreement also includes exploitation of these titles via pay-per-view and video-on-demand.

Constantin Film AG and David Garrett, co-founder of Summit Entertainment and former President of Summit International, have together launched Mister Smith Entertainment Ltd. The company, managed by David Garrett, is headquartered in London and operates in the fields of financing, co-financing and licensing of films for global distribution.

As a new partner of the US studio DreamWorks, Constantin Film AG has secured the German-language exploitation rights to a large number of high-quality films from DreamWorks Studios. This was announced by Constantin Film AG on September 18, 2012. The output deal, which applies to DreamWorks films for which filming has started by December 31, 2016, comprises the film rights for Germany, Austria and Switzerland.

Report on business performance and the situation in the Film segment

Theatrical production/acquisition of rights

In late September 2012, the German Minister of State for Culture Bernd Neumann announced that the German Federal Film Fund (DFFF) is to be extended from 2013 until the end of 2015 with an unchanged annual budget of EUR 60 million. From the beginning of January 2007 to the end of August 2012, subsidies totaling around EUR 329 million were approved for 580 films under the DFFF. In Germany alone, this funding provided for follow-up investments for the production of films amounting to approximately EUR 2 billion. The continuation of the DFFF means that one of the most important instruments for promoting film production is being maintained for the German film industry over the coming years, too.

Six feature films were in production at Constantin Film AG and its subsidiaries in the third quarter of 2012. The first take for the Constantin Film co-productions “Ostwind” and “The Famous Five 2” was completed in early July, while from July to September 2012 Rat Pack Filmproduktion shot the youth film “V8 – Du willst der Beste sein”, which is due for release by Universal Pictures Germany in 2013.

Since mid-August 2012, filming of the international Constantin Film co-production “The Mortal Instruments” has been underway in Toronto. Directed by Holger Haase, the new Olga Film production “Da geht noch was!” starring Florian David Fitz has been filming since mid-September 2012. The CGI production “Tarzan”, set for release in summer 2013, is also in production.

In the area of third-party productions, Constantin Film secured the theatrical and video rights to the US comedy “Imogene” starring comedian Kristen Wiig in the reporting period. The thriller “Motel” with John Cusack and Robert de Niro was also acquired.

TV service production

In the run-up to the television trade fair Mipcom, held in Cannes in early October 2012, there was already great interest among international buyers and creative professionals in the top-quality range of new TV series. Particularly from China and Latin America, more trade visitors registered than ever before. In terms of intelligently plotted series featuring top actors, the USA is currently still in the lead, but Europe – especially Scandinavia – is catching up. Furthermore, there is currently a growing trend for film producers to move into international TV business, as broadcasters in den USA, South America and China are willing to provide large sums for high-quality TV service productions.

On behalf of ARD (Degeto/BR), the Constantin Film subsidiary Constantin Television GmbH filmed Rita Falk’s popular Lower Bavarian murder mystery “Dampfnudelblues” in the third quarter of 2012 and for RTL it produced the pilot film for the series “Herr und Frau Dr. Schmidt”. The romantic comedy “Zwei übern Berg”, which was produced by Constantin Television this year and broadcast in late September 2012 on ARD, was watched by more than 3.5 million viewers.

In the area of TV entertainment, Constantin Entertainment GmbH produced formats including the first season of the reality series “4 Blondes”, which has been running since November, for the ProSiebenSat.1 niche broadcaster sixx in the reporting period. In addition, the show “Der Comedy Grand Prix” was produced for RTL. The “Comedy Show des Jahres” (RTL) with the presenter Cindy aus Marzahn and the “Comedy Advents-kalender” (RTL) were also in production in the third quarter and will be broadcast in December 2012. New additions to the production portfolio also include the comedy shows “Kaya Yanar – Typisch Deutsch”, which will run on RTL in 2013, and “Willkommen bei Mario Barth”, which will also be shown on RTL at the end of 2012 and the beginning of 2013.

In other European countries, the subsidiaries of Constantin Entertainment are currently producing the new scripted reality format “Family Stories Hungary” for the broadcaster TV2 and the casting show “The Voice of Switzerland” for the broadcaster SRF.

Theatrical distribution

From January to September 2012, German theaters generated revenues of around EUR 677.6 million – down 2.5 % as against the first nine months of 2011 (just under EUR 694.7 million). There was also a decrease in the number of moviegoers, which fell by 2.9 % to 88.5 million in the same period (2011: 91.1 million). This development was largely due to the fact that – despite the major success of “Ice Age: Continental Drift”, “Ted” and “The Dark Knight Rises” – the performance of a number of Hollywood films fell short of expectations. However, fall and winter titles such as “Madagascar 3: Europe’s Most Wanted”, “Skyfall”, “The Twilight Saga: Breaking Dawn – Part 2” and “The Hobbit: An Unexpected Journey” may bring the figures up again in the last three months of the year.

As of the end of September 2012, German films accounted for a market share of 16.8 % in terms of viewers (2011: 18.2 %). The German film with the highest viewer numbers and revenues in the first nine months was the comedy “Türkisch für Anfänger” produced by Constantin Film’s subsidiary Rat Pack, followed by “Rubbeldiekatz” and the Constantin Film licensed title “The Famous Five”.

The Constantin Film Group released four films in German theaters in the third quarter. Mid-August saw the release of the comedy “Wer’s glaubt wird selig” (directed by Marcus H. Rosenmüller), which has been watched by 375,000 viewers to date. The licensed title “Step Up Revolution” has been taking German cinemas by storm since late August. By the end of October it had already been watched by 973,000 people. The tragicomedy “Heiter bis wolkig” has been in theaters since early September and attracted an audience of 307,000 by the end of October.

The international Constantin Film 3-D production “Resident Evil: Retribution” was released in German theaters in mid-September. The fifth part of the successful franchise has attracted more than 681,000 moviegoers to date. A good four weeks after its release, the action spectacular had already brought in more than USD 200 million worldwide. The film, which is particularly popular in Asia, had been released in 79 markets by the end of October.

With the performance of its films released in the first nine months of 2012, Constantin Film AG achieved a market share of 8.5 % in terms of visitor numbers, putting it in sixth place behind Fox, Universal, Warner, Senator and Sony. In terms of revenues, it also came sixth with 8.2 % behind Fox, Universal, Sony, Warner and Senator.

Home entertainment

According to calculations by GfK, the German home entertainment industry generated total revenues of EUR 865 million in the video sell-through and rental market between January and the end of August 2012* (January to August 2011: EUR 906 million). Until the end of the second quarter, increasing revenues in the video sell-through market were still able to compensate for the decline in revenues in the video rental market. From June to August 2012, however, the video sell-through market also dipped in comparison to the previous year – mainly due to weaker titles – and generated total revenues of EUR 729 million (January to August 2011: EUR 760 million).

This decline is due to falling DVD sales. Up to the end of August 2012, revenues of EUR 556 million were generated from the sale of DVDs – down 11% on the previous year's figure of EUR 625 million. Although Blu-ray discs recorded further strong growth up to the end of August 2012, this was not enough to compensate for the decline in DVD revenues. Sales of Blu-ray discs generated revenues of EUR 173 million between January and the end of August, representing a 28% rise as against the same period of the previous year (EUR 135 million).

The electronic sell-through market posted growth of 17%, from EUR 22 million in the first eight months of 2011 to EUR 25 million. This growth in revenues is mainly attributable to price increases.

In the period up to the end of August 2012, revenues in the video rental market decreased by 7% year-on-year, from EUR 146 million to EUR 136 million, although Blu-ray discs continued to post strong growth. Revenues from Blu-ray disc rentals were up 30% year-on-year at EUR 30 million (January to August 2011: EUR 23 million). As in the video sell-through market, DVDs also recorded losses in the video rental market. Up to the end of August, revenues from DVD rentals fell from EUR 124 million in 2011 to EUR 107 million currently.

In contrast, the electronic video rental market posted strong growth, with rentals via video-on-demand or pay-per-view marking a 62% increase in revenues to EUR 33 million up to the end of August 2012 (January to August 2011: EUR 20 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 12% (January to August 2011: 10%). On the rental market, our joint market share rose to 14% (January to August 2011: 11%).

Our top new release in the third quarter of 2012 was the Rat Pack production "Türkisch für Anfänger", of which we sold around 280,000 units in German-speaking countries up to September 30. Further highlights in the period from July to September included the youth films "The Famous Five" and "Das Haus der Krokodile".

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

License trading/TV exploitation

According to global press reports, international trading of licenses for TV productions is currently gathering pace significantly. For instance, the US independent studio The Weinstein Company is establishing international TV distribution. The current strong trend towards consumption of TV series is also boosted by the wide range media distribution platforms, with smart TV and streaming platforms reaching an ever-growing audience alongside conventional linear television.

According to a survey by the Zentralverband Elektrotechnik- und Elektroindustrie e.V. (Central Association of the German Electrical and Electronics Industry, ZVEI), smart TV owners are primarily interested in products that are closely related to television, such as free films and video clips. Figures from the Gesellschaft für Unterhaltungs- und Kommunikationselektronik mbh (German Association for Consumer and Communications Electronics, gfu) indicate that the share of smart TV among all television sets sold in Germany this year will amount to 55 % – almost eight times its level just three years ago. In parallel with these figures, program providers are making greater efforts than ever to obtain attractive content in order to expand their customer base further via this exploitation channel – which could have a positive impact for many producers in the future.

In the third quarter of 2012, too, a number of Constantin Film titles were shown on TV that achieved very good ratings. The licensed title "Jet Li's Fearless" had a good market share of over 10 % in its target demographic of 14-to-49-year-olds at its free TV premiere on ProSieben in mid-July. "Law Abiding Citizen", another Constantin Film licensed title, achieved a very pleasing market share of 17.3 % among 14-to-49-year-olds at its TV premiere on ProSieben in late July. An even better viewer response was generated by the US comedy "American Pie", which had a market share of 26.6 % in its target demographic when it was broadcast on ProSieben in late August.

In license trading, the Constantin Film Group sold the free TV rights to the US comedy "Imogene" to its longstanding partner ProSieben in the third quarter. Revenues were also generated from licensing the free TV rights to the comedy "Dinosaurier – Gegen uns seht ihr alt aus!", the youth adventure film "Vorstadtkrokodile 2" and the thriller "Law Abiding Citizen". In pay TV, revenues were generated from licensing the dance movie "Step Up 3", the comedy "Die Superbullen" and "Vorstadtkrokodile 3".

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

Sport has held strong through difficult times in 2012, with the biggest events reaching new levels of popularity. This has been helped by advances in technology allowing higher-quality coverage and social media enabling broadcasters, sponsors and rights holders to more effectively engage with fans generating greater interest and enjoyment.

2012 thus far, has seen growth in overall sports media and sponsorship rights fees. This can be partly attributed to the major events such as the Olympic Games in London and the European Football Championships. However, if the effects of such events were removed continued growth in revenues would still be evident.

However, uncertainty in the Eurozone is apparent in another important area. In September, ZenithOptimedia, the media planning and buying firm, forecast Eurozone advertising spend to shrink by 3.1 % over the course of 2012, compared to the 1.1 % decline forecast in June. In contrast, global growth forecasts have risen from 3.8 % to 4.3 % over the same period. This is in no small part due to robust recovery in the biggest spending region of North America, which has seen record breaking Olympic audiences and higher than expected expenditure on political advertising in the run-up to the November Presidential elections.

TEAM concluded further key deals in the process of selling the commercial rights to the UEFA Champions League and UEFA Europa League (for the 2012/13 to 2014/15 seasons in each case) in the third quarter of 2012. In the area of TV rights, deals were concluded in markets as China, Singapore, Bulgaria, Hungary, Georgia, the Ukraine and Switzerland. TEAM also held very positive talks with various companies interested in sponsorship rights for these seasons. Corresponding contracts are expected to be signed during the fourth quarter.

TEAM's operating activities focused on delivery of the UEFA Super Cup, the traditional opening to the European club football competition season. At the end of August, the reigning champion of the UEFA Champions League, Chelsea FC, took on this year's UEFA Europa League winner, Club Atlético de Madrid, in Monaco. The 15th Super Cup was the last to take place in Monaco. The UEFA Super Cup 2013 will be played in Prague and after this the match will take place in a different location each year.

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

In mid-August, the Bundesverband Informationswirtschaft, Telekommunikation und neue Medien (German Federal Association for Information Technology, Telecommunications and New Media, BITKOM) published new figures on the digital gaming market in Germany. According to these figures, the number of active players is now higher than ever, thanks to new platforms and steadily increasing products offered on the Internet, mostly free of charge. Whereas four years ago 28 % of all Germans played such games more or less regularly, the proportion has now risen to 35 % or 24 million players in Germany.

Demand is rapidly shifting from traditional retail to the Internet and from stationary screens to mobile devices such as smartphones and tablets. Today's gaming generation prefers casual brain games, with 41 % of those surveyed only using products offered for free on the Internet.

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.

This could already be seen in the sales negotiations for the sponsorship rights to the Eurovision Song Contest 2013. Although Highlight Event & Entertainment AG achieved some initial success in the third quarter of 2012, interest on the market has so far been much more modest due to the event's location in Malmö, Sweden, than for this year's competition in Baku, Azerbaijan.

In the area of classical music, the Vienna Philharmonic Orchestra gave a concert in the Palau de la Música Catalana in Barcelona on September 29, conducted by Daniele Gatti, as part of the exclusive sponsorship agreements between Rolex and the orchestra. With the conclusion of this event, all events for 2012 that are relevant to the sponsorship and TV contracts have been successfully implemented.

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

In the period from January to September 2012, the Highlight Group generated consolidated sales of CHF 312.7 million, corresponding to an increase of CHF 68.0 million or 27.8 % as against the same period of the previous year (CHF 244.7 million). This substantial growth results in particular from the box-office successes of the dance film "Step Up Revolution" and the action spectacle "Resident Evil: Retribution" as well as from very strong DVD/Blu-ray sales figures for the comedy "Türkisch für Anfänger" in the third quarter.

Capitalized film production costs and other own work capitalized increased by CHF 14.9 million to CHF 44.5 million (previous year's period: CHF 29.6 million) as a result of the current higher production volume. Total output consequently rose by CHF 82.9 million or 30.2 % to CHF 357.2 million (previous year's period: CHF 274.3 million). In contrast, other operating income fell by CHF 3.3 million to CHF 17.6 million.

Consolidated operating expenses rose by CHF 76.9 million or 28.7 % to CHF 344.8 million after CHF 267.9 million in the first nine months of 2011. The biggest rise was in scheduled amortization and depreciation of film assets as well as intangible assets and property, plant and equipment, which climbed by CHF 40.2 million to CHF 88.0 million. Cost of materials and licenses recorded a production-related increase of CHF 28.7 million to CHF 124.0 million, while personnel expenses rose by CHF 4.8 million to CHF 80.2 million. In contrast, other operating expenses of CHF 47.9 million were kept almost at the previous year's level (CHF 47.2 million).

As a result of the lower rise in costs in comparison to the increase in total output, EBIT improved by CHF 2.7 million or 9.9 % to CHF 30.0 million (previous year's period: CHF 27.3 million). Thus, the EBIT margin (EBIT in relation to consolidated sales) for the first nine months was 9.6 %.

Income from investments in associated companies and joint ventures amounted to CHF 0.2 million in the first nine months of the current fiscal year as against a loss of CHF 1.3 million in the same period of the previous year. By contrast, the financial result declined by a total of CHF 7.2 million to CHF –3.2 million, primarily due to currency effects. Financial income fell by CHF 10.2 million to CHF 3.7 million and financial expenses fell by CHF 3.0 million to CHF 6.9 million.

Taking into account the virtually unchanged tax expenses (income taxes and deferred taxes) of CHF 5.5 million (previous year's period: CHF 5.3 million), the Highlight Group reported a consolidated net profit of CHF 21.5 million for the first nine months of 2012 (previous year's period: CHF 24.5 million). Of this figure, CHF 0.6 million (previous year's period: CHF 1.1 million) is attributable to non-controlling interests and CHF 20.9 million (previous year's period: CHF 23.4 million) to the shareholders of Highlight Communications AG. Based on the average number of shares outstanding in the reporting period (46.1 million), this corresponds to earnings per share of CHF 0.45 (previous year's period: CHF 0.51).

Result of segment operations

As a result of marketing success in the business areas of theatrical distribution and home entertainment, the Film segment generated external sales of CHF 248.2 million in the period from January to September 2012. This represents a rise of CHF 72.6 million or 41.3 % compared with the previous year's figure of CHF 175.6 million. Other segment income, which is mainly dominated by capitalized film production costs, rose by CHF 10.8 million to CHF 61.2 million. As such, this increase reflects the current higher production volume in comparison to the first nine months of 2011. Segment expenses were up by CHF 79.9 million to CHF 299.9 million, also due to production. As a result of these developments, segment earnings improved considerably by CHF 3.6 million or 61.0 % to CHF 9.5 million (previous year's period: CHF 5.9 million).

The external sales of the Sports- and Event-Marketing segment declined by CHF 11.7 million or 17.0 % to CHF 57.1 million (previous year's period: CHF 68.8 million). This development is mainly due to the fact that UEFA has been managing the organization of the UEFA Champions League and the UEFA Europa League matches by itself since July 1, 2012. Segment expenses decreased by CHF 10.1 million to CHF 32.4 million, meaning that the segment earnings of CHF 25.4 million were slightly lower than the figure for the first nine months of the previous year (CHF 26.3 million).

The Other Business Activities segment generated external sales of CHF 7.3 million (previous year's period: CHF 0.4 million) and other income of CHF 1.1 million (previous year's period: CHF 0 million). After deducting expenses of CHF 9.4 million (previous year's period: CHF 1.2 million), the segment reported a loss of CHF 0.9 million for the first nine months of the current fiscal year (previous year's period: CHF 0.8 million). Costs for holding activities were reduced by 4.9 % to CHF 3.9 million in the reporting period (previous year's period: CHF 4.1 million).

Net assets situation

As of September 30, 2012, the total assets of the Highlight Group increased significantly by CHF 124.4 million as against the end of 2011 (CHF 499.2 million) to CHF 623.6 million. On the assets side of the balance sheet, non-current assets remained virtually unchanged at CHF 198.5 million (December 31, 2011: CHF 197.9 million).

The biggest rise by far among current assets was in cash and cash equivalents, which jumped by CHF 120.3 million to CHF 261.0 million. Receivables due from associated companies and joint ventures also increased by CHF 6.1 million to CHF 8.0 million and other financial assets climbed by CHF 3.3 million to CHF 17.2 million. In contrast, trade accounts receivable and other receivables due from third parties fell by CHF 5.9 million to CHF 130.5 million.

At CHF 154.3 million, the value of film assets remained at almost exactly the same level as at the end of 2011 (CHF 154.6 million). Of this total value, CHF 131.2 million (December 31, 2011: CHF 127.9 million) was attributable to in-house productions and CHF 23.0 million (December 31, 2011: CHF 26.6 million) to third-party productions. The decrease in third-party productions is due to amortization on films being exploited, which exceeded additions in the period under review.

On the capital side of the balance sheet, non-current liabilities decreased by a total of CHF 12.3 million to CHF 10.0 million, largely due to a reclassification of CHF 12.0 million to current other liabilities. Current liabilities posted an increase of CHF 121.3 million to CHF 502.2 million, resulting primarily from financial liabilities, which were up by CHF 99.8 million to CHF 304.0 million. There were further significant changes in advance payments received (up CHF 15.1 million) and trade accounts payable and other liabilities due to third parties (up CHF 6.9 million).

Consolidated equity (including non-controlling interests) rose by CHF 15.4 million to CHF 111.4 million (December 31, 2011: CHF 96.0 million). This increase was due mainly to the consolidated net profit of CHF 21.5 million and a CHF 3.0 million share of the capital increase of Highlight Event & Entertainment AG, relating to non-controlling interests. A reducing effect stemmed from dividend payments totaling CHF 9.8 million.

In relation to total assets, which are now considerably higher, the notional equity ratio as of the end of the third quarter of 2012 was 17.9 % (December 31, 2011: 19.2 %). The adjusted equity ratio (after netting cash and cash equivalents against financial liabilities and advance payments received against film assets) improved from 30.4 % to 36.6 %.

Financial situation

As of September 30, 2012, the Highlight Group had cash and cash equivalents amounting to CHF 261.0 million, corresponding to an increase of CHF 120.3 million as against the end of 2011 (CHF 140.7 million). At the same time, financial liabilities climbed by CHF 99.8 million to CHF 304.0 million (December 31, 2011: CHF 204.2 million). Net debt was accordingly reduced from CHF 63.5 million to CHF 43.0 million. In relation to equity, this corresponds to a gearing ratio of 38.6 % (December 31, 2011: 66.1 %).

Operating activities generated a net cash inflow of CHF 122.2 million in the period from January to September 2012, an increase of CHF 32.6 million as against the same period of the previous year (CHF 89.6 million). This was offset primarily by changes in the operating net current assets, the effect of which was CHF 2.7 million lower in the reporting period than in the first nine months of 2011.

Net cash used in investing activities rose by CHF 57.3 million to CHF 96.5 million compared with the first nine months of the previous year (CHF 39.2 million). This was chiefly attributable to a significant increase in payments for film assets by CHF 50.2 million to CHF 92.1 million (previous year's period: CHF 41.9 million). In addition, payments for intangible assets and property, plant and equipment increased by a total of CHF 4.0 million to CHF 4.8 million (previous year's period: CHF 0.8 million).

The financing activities of the Highlight Group led to a net cash inflow of CHF 93.2 million in the reporting period (previous year's period: net cash outflow of CHF 14.9 million). This inflow is mainly due to net borrowing of CHF 100.3 million (previous year's period: net repayment of CHF 4.8 million) and proceeds of CHF 2.7 million resulting from the capital increase of Highlight Event & Entertainment AG. Dividend payments of CHF 9.8 million (previous year's period: CHF 9.7 million) had the effect of reducing cash flow.

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 September 30, 2012, the Highlight Group had 840 employees (September 30, 2011: 848). This figure includes employees on non-permanent, project-related contracts.

Events after the balance sheet date

Constantin Film AG will increasingly focus its TV production business on the international market as well in future. In this context, Nadcon GmbH, Cologne, a 51% subsidiary of Constantin Film AG, commenced business operations on October 1, 2012. Nadcon's managing director and co-partner is Peter Nadermann, one of Germany's highest-profile program planners. The agenda of the company comprises international co-productions of an event nature, serializations and series.

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.

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 various broadcasters in Germany and abroad 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.

Major film companies – including StudioCanal Germany, Splendid Film, Kinowelt and Tele München – are increasingly moving into film-license trading at present. This growing competition is creating enormous pricing pressure, particularly for independent distributors. This situation is further intensified by exploitation deals between major US studios and TV broadcasters, such as the recent deal between Sony Pictures and the RTL Group, which now holds the TV rights to all current Sony theatrical movies and its film library.

In addition, distribution companies also assume a high exploitation risk when purchasing expensive licenses in the event that the film is not successful at the box office. In this context, the strategic partnership between Constantin Film AG and the US studio DreamWorks until 2016 represents a major success. This alliance guarantees top international productions for several years while at the same time improving Constantin Film AG's position when purchasing film licenses in a strong competitive environment.

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. In addition, the public debate on protection of intellectual property and copyright has intensified further – not least as a result of the Pirate Party's controversial call for watered-down copyright laws.

The increasing internationalization of Constantin Film AG's business activities in the field of theatrical movies enables the company to tap international markets via major English-language productions – such as the current films "Tarzan" and "The Mortal Instruments". In the TV sector, there are also new opportunities arising from the recent business strategy measures applied by Constantin Film AG to step up its international production activities. With the newly established subsidiary Nadcon, the company is strengthening its position as a program provider for German TV broadcasters with international co-productions, and through the new global distribution of the joint venture Mister Smith Entertainment it can now sell in-house productions internationally directly.

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 for definite what financial impacts the decision to hold the event in Malmö will have.

Forecast

Theatrical production/acquisition of rights

In late September 2012, the German Minister of State for Culture announced that the German Federal Film Fund (DFFF) is to be extended from 2013 until the end of 2015 with an unchanged annual budget of EUR 60 million. However, the "Cinema Communication of the EU Commission" was not yet published in the reporting period. This communication stipulates, among other things, a specific cap on subsidies for theatrical movies in the respective EU countries. The Cinema Communication could therefore have a negative impact on European film funding systems.

In the theatrical production/acquisition of rights business area, Constantin Film AG is still focusing its strategy on maintaining and optimizing the high standards of its national and international own and co-productions in addition to selectively 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. In general, efforts will be made to produce and exploit movies of an event nature.

TV service production

In the field of TV service production, the still stable but slow-growing advertising market will continue to have only a minor positive impact on TV producers' economic situation. In addition, the legal position of service producers is generally difficult, since after completing their productions they must relinquish all rights to the broadcaster concerned. This means that they cannot participate economically in exploitation on the various media platforms such as videos and video streaming in order to generate a capital base for new projects.

In this business area, too, the Constantin Film Group will be increasingly turning towards major English-language productions that are geared towards international tastes in terms of casting and subject matter. It will also continue to pursue the strategy of further expanding its proven partnerships with the major TV stations and contributing to their success with high-quality, innovative productions – with current examples including the new "Tatort Hamburg" for ARD and the adaptation of the Ken Follett bestseller "A Dangerous Fortune" for ZDF. At an international level, the company intends to gain new co-production partners and produce series and TV films with global appeal through the subsidiary Nadcon.

Theatrical distribution

Good results for revenue and audience figures on the German movie-theater market are expected in the final quarter of 2012. Many international top titles in different genres such as the new James Bond film "Skyfall", "The Twilight Saga: Breaking Dawn – Part 2" and above all "The Hobbit: An Unexpected Journey" are likely to attract large audiences by the end of the year.

In this business area, Constantin Film AG is continuing to pursue its proven strategy of combining top own and co-productions with promising licensed titles and bringing these to the cinemas in periods relevant to the audiences due to the highly competitive environment.

Home entertainment

On the home entertainment market, business with video-on-demand is still expected to increase further in 2012 in connection with higher sales figures for hybrid TV sets. Likewise, the sales volume of Blu-ray-3-D discs is expected to increase further due to the more comprehensive range of films now on offer. 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 supplementing Constantin Film's strong own and co-productions with high-quality licensed titles will be maintained. This is further bolstered by attractive presentation of the home entertainment products in multimedia stores and enhancement of the DVDs/Blu-rays with appealing bonus material. Success in the digital sector – such as a high number of paid video downloads for new releases – is to be built upon further in the future. The highlights of our slate for the fourth quarter of 2012 include the teenie comedy "LOL" with the "Hannah Montana" star Miley Cyrus and the youth films "Das Haus der Krokodile" and "Als der Weihnachtsmann vom Himmel fiel".

License trading/TV exploitation

In license trading, the buoyant global business levels are also expected to continue in the next few months. In TV exploitation, new forms of exploitation such as media libraries and video-on-demand open up new 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 "vincent will meer", "Jerry Cotton" and "Centurion" can be expected in the fourth quarter of 2012. For pay TV, the rights to films including "Sanctum" and "Werner – Eiskalt!" 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.

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 the range of services of Highlight Event & Entertainment AG (HLEE) 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 HLEE and Highlight Communications AG, thus strengthening the market position of both companies.

In the next few months, HLEE will be focusing on further sales negotiations for the sponsorship rights to the Eurovision Song Contest 2013. 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

On the basis of these activities – and assuming that exchange rates remain roughly stable – we still expect to generate consolidated sales for 2012 as a whole of between CHF 370 million and CHF 390 million as well as earnings per share of EUR 0.42 to EUR 0.44.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of September 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 SEPTEMBER 30, 2012 (unaudited)

Highlight Communications AG, Pratteln

ASSETS (TCHF)	Sep. 30, 2012	Dec. 31, 2011
Non-current assets		
In-house productions	131,246	127,930
Third-party productions	23,040	26,625
Film assets	154,286	154,555
Other intangible assets	4,724	4,785
Goodwill	20,840	20,883
Property, plant and equipment	10,805	9,380
Investments in associated companies and joint ventures	618	428
Non-current receivables	930	3,036
Other financial assets	259	250
Deferred tax assets	6,035	4,621
	198,497	**197,938**
Current assets		
Inventories	6,054	5,777
Trade accounts receivable and other receivables due from third parties	130,486	136,399
Receivables due from related parties	100	74
Receivables due from associated companies and joint ventures	7,989	1,946
Other financial assets	17,192	13,880
Income tax receivables	2,307	2,457
Cash and cash equivalents	260,954	140,711
	425,082	**301,244**
Total assets	**623,579**	**499,182**

EQUITY AND LIABILITIES (TCHF)	Sep. 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	–27,716	–27,093
Retained earnings	162,004	136,738
Shareholders' interests	20,895	31,610
Equity attributable to shareholders	98,582	82,746
Non-controlling interests	12,827	13,268
	111,409	**96,014**
Non-current liabilities		
Other liabilities	5	11,875
Pension liabilities	4,728	4,275
Provisions	289	309
Deferred tax liabilities	4,961	5,807
	9,983	**22,266**
Current liabilities		
Financial liabilities	303,996	204,207
Advance payments received	58,014	42,919
Trade accounts payable and other liabilities due to third parties	123,438	116,535
Liabilities due to related parties	250	286
Liabilities due to associated companies and joint ventures	24	1,430
Provisions	4,819	5,203
Income tax liabilities	11,646	10,322
	502,187	**380,902**
Total equity and liabilities	**623,579**	**499,182**

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

Highlight Communications AG, Pratteln

(TCHF)	1/1 to 9/30 2012	1/1 to 9/30 2011*	7/1 to 9/30 2012	7/1 to 9/30 2011*
Sales	**312,667**	**244,735**	**149,055**	**85,054**
Capitalized film production costs and other own work capitalized	**44,541**	**29,604**	**18,856**	**12,599**
Total output	**357,208**	**274,339**	**167,911**	**97,653**
Other operating income	**17,646**	**20,860**	**2,790**	**7,994**
Costs for licenses, commissions and materials	–32,752	–25,024	–12,267	–7,178
Costs for purchased services	–91,270	–70,297	–41,754	–27,979
Cost of materials and licenses	**–124,022**	**–95,321**	**–54,021**	**–35,157**
Salaries	–72,181	–66,497	–25,639	–21,794
Social security and pension costs	–8,055	–8,885	–2,960	–3,154
Personnel expenses	**–80,236**	**–75,382**	**–28,599**	**–24,948**
Amortization and impairment on film assets	–89,604	–47,538	–61,092	–19,182
Amortization, depreciation and impairment on intangible assets and property, plant and equipment	–3,071	–2,434	–1,035	–894
Amortization, depreciation and impairment	**–92,675**	**–49,972**	**–62,127**	**–20,076**
Other operating expenses	**–47,894**	**–47,207**	**–11,526**	**–18,243**
Profit from continuing operations	**30,027**	**27,317**	**14,428**	**7,223**
Earnings from investments in associated companies and joint ventures	**170**	**–1,301**	**41**	**76**
Financial income	3,655	13,865	1,858	5,842
Financial expenses	–6,873	–9,921	–1,935	–3,010
Financial result from continuing operations	**–3,218**	**3,944**	**–77**	**2,832**
Profit from continuing operations before taxes	**26,979**	**29,960**	**14,392**	**10,131**
Current taxes	–7,715	–16,922	–5,144	–13,925
Deferred taxes	2,242	11,637	1,011	12,220
Taxes	**–5,473**	**–5,285**	**–4,133**	**–1,705**
Profit from continuing operations after taxes	**21,506**	**24,675**	**10,259**	**8,426**
Net loss from discontinued operations	–	**–224**	–	**–224**
Net profit	**21,506**	**24,451**	**10,259**	**8,202**
thereof shareholders' interests	20,895	23,351	9,575	8,436
thereof non-controlling interests	611	1,100	684	–234

(CHF)	1/1 to 9/30 2012	1/1 to 9/30 2011	7/1 to 9/30 2012	7/1 to 9/30 2011
Earnings per share				
Earnings per share attributable to shareholders, basic	0.45	0.51	0.20	0.19
Earnings per share attributable to shareholders, diluted	0.45	0.51	0.20	0.19
Earnings per share from continuing operations				
Earnings per share attributable to shareholders, basic	0.45	0.51	0.20	0.19
Earnings per share attributable to shareholders, diluted	0.45	0.51	0.20	0.19
Earnings per share from discontinued operations				
Earnings per share attributable to shareholders, basic	–	–	–	–
Earnings per share attributable to shareholders, diluted	–	–	–	–

** 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 SEPTEMBER 30, 2012 (unaudited)

Highlight Communications AG, Pratteln

(TCHF)	1/1 to 9/30 2012	1/1 to 9/30 2011
Net profit	**21,506**	**24,451**
Currency translation differences	–628	–2,379
Gains/losses from financial assets at fair value through other comprehensive income/loss	1,492	–2,882
Other comprehensive income/loss, net of tax	**864**	**–5,261**
Total comprehensive income/loss	**22,370**	**19,190**
thereof shareholders' interests	21,764	18,146
thereof non-controlling interests	606	1,044
Total comprehensive income/loss attributable to shareholders	**21,764**	**18,146**
thereof continuing operations	21,764	18,214
thereof discontinued operations	–	–68

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

Highlight Communications AG, Pratteln

(TCHF)	Equity attributable 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	–	–10	–
Sale of treasury stock	–	–	–
Dividend payments	–	–	–
Change in non-controlling interests	–	–	–192
Other changes	–	–	–
Balance as of September 30, 2011	**47,250**	**–1,157**	**–103,017**
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
Changes in scope of consolidation	–	–	–
Balance as of September 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**
–2,323	–	–	–2,323	–56	–2,379
–	–2,882	–	–2,882	–	–2,882
–2,323	–2,882	–	–5,205	–56	–5,261
–	–	23,351	23,351	1,100	24,451
–2,323	–2,882	23,351	18,146	1,044	19,190
–	36,172	–36,172	–	–	–
–	–44	–	–54	–	–54
–	–	–	–	–	–
–	–7,837	–	–7,837	–1,885	–9,722
–	–	–	–192	15,401	15,209
–	–	–	–	–	–
–27,231	**138,488**	**23,351**	**77,684**	**19,519**	**97,203**
–27,093	**136,738**	**31,610**	**82,746**	**13,268**	**96,014**
–623	–	–	–623	–5	–628
–	1,492	–	1,492	–	1,492
–623	1,492	–	869	–5	864
–	–	20,895	20,895	611	21,506
–623	1,492	20,895	21,764	606	22,370
–	31,610	–31,610	–	–	–
–	–	–	–223	2,953	2,730
–	–	–	–	–	–
–	–	–	–	–	–
–	–7,836	–	–7,836	–1,917	–9,753
–	–	–	2,131	–2,131	–
–	–	–	–	48	48
–27,716	**162,004**	**20,895**	**98,582**	**12,827**	**111,409**

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

Highlight Communications AG, Pratteln

(TCHF)	1/1 to 9/30 2012	1/1 to 9/30 2011
Net profit	21,506	24,451
Net loss from discontinued operations	–	224
Deferred taxes	–2,242	–11,637
Current taxes	7,715	16,922
Financial result (without currency result)	2,253	3,779
Earnings from investments in associated companies and joint ventures	–170	1,301
Amortization, depreciation and impairment on non-current assets	92,675	49,972
Gain (–)/loss (+) from disposal of non-current assets	–81	23
Other non-cash items	–1,220	900
Increase (–)/decrease (+) in inventories, trade accounts receivable and other assets not classified to investing or financing activities	1,632	–2,279
Decrease (–)/increase (+) in trade accounts payable and other liabilities not classified to investing or financing activities	8,499	15,051
Dividends received from associated companies and joint ventures	–	352
Interest paid	–2,515	–2,724
Interest received	382	635
Income taxes paid	–6,647	–7,638
Income taxes received	447	218
Cash flow from operating activities, continuing operations	**122,234**	**89,550**
Change in cash and cash equivalents due to acquisitions of companies/shares in companies, net	48	3,509
Payments for intangible assets	–1,254	–73
Payments for film assets	–92,090	–41,916
Payments for property, plant and equipment	–3,503	–766
Payments for financial assets	–22	–
Proceeds from disposals of property, plant and equipment	359	17
Cash flow for investing activities, continuing operations	**–96,462**	**–39,229**
Proceeds from capital increases and the issue of equity instruments	2,730	–
Payments for purchase of treasury stock	–	–54
Payments for purchase of non-controlling interests	–	–221
Repayment of current financial liabilities	–62,000	–122,525
Proceeds from receipt of current financial liabilities	162,263	117,659
Dividend payments	–9,753	–9,722
Cash flow from/for financing activities, continuing operations	**93,240**	**–14,863**
Cash flow for discontinued operations	**–**	**–224**
Cash flow from the reporting period	**119,012**	**35,234**
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	1,231	–3,846
Cash and cash equivalents at the end of the reporting period	260,954	197,427
Change in cash and cash equivalents	**119,012**	**35,234**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 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 November 8, 2012.

2. Accounting and valuation principles

The accompanying unaudited, condensed consolidated interim financial statements for the period from January 1, 2012 to September 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 Sep. 30, 2011 before adjustments	Adjustments	Jan. 1 to Sep. 30, 2011 after adjustments
Other operating income	18,771	2,089	20,860
Cost of materials and licenses	–101,663	6,342	–95,321
Other operating expenses	–38,067	–9,140	–47,207
Profit from operations	28,026	–709	27,317
Financial result	3,235	709	3,944

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 %.

On August 8, 2012, Constantin Film AG acquired a 50 % stake in Mister Smith Entertainment Ltd., London, for a purchase price of CHF 151. The company has been included in the consolidated interim financial statements at equity as a joint venture. The transaction did not have a material effect on the present consolidated interim financial statements.

On August 29, 2012, Mood Factory AG, Pratteln, was founded as a 52 % subsidiary of Rainbow Home Entertainment AG. The transaction did not have a material effect on the present consolidated interim financial statements.

On September 17, 2012, Constantin Entertainment Hungary Kft., Budapest, was founded as a wholly-owned subsidiary of Constantin Entertainment GmbH. The transaction did not have a material effect on the present consolidated interim financial statements.

On September 18, 2012, Constantin Film AG acquired a 51 % stake in the shell company Blitz Nr. K12-182 GmbH, Cologne, for a purchase price of TCHF 17. In October, the company was renamed Nadcon GmbH, headquartered in Cologne. The transaction did not have a material effect on the present consolidated interim financial statements.

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 623,579 as of September 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 +559, current assets rose by TCHF 123,838 as of September 30, 2012 to TCHF 425,082. This increase primarily results from a rise of TCHF 120,243 in cash and cash equivalents. On the liabilities side, non-current liabilities decreased by TCHF 12,283, while current liabilities increased by TCHF 121,285. Equity also increased by TCHF 15,395.

As of September 30, 2012, film assets decreased by TCHF 269 compared to December 31, 2011. In-house productions increased by TCHF 3,316, while third-party productions declined by a total of TCHF 3,585. The decrease in film assets 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 156. This is due to the TCHF 6,043 increase in receivables due from associated companies and joint ventures and the TCHF 26 increase in receivables due from related parties. In contrast, trade accounts receivable and other receivables decreased by a total of TCHF 5,913.

Other current financial assets increased by TCHF 3,312 to TCHF 17,192. 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 260,954 as of September 30, 2012. Financing activities generated a cash inflow of TCHF 93,240 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 96,462, which was essentially due to payments for film assets. Operating activities had a positive cash flow of TCHF 122,234.

Equity rose by TCHF 15,395 from TCHF 96,014 to TCHF 111,409 as of September 30, 2012. This increase is essentially due to the net profit for the period of TCHF 21,506. A further positive effect of TCHF 1,492 resulted from the growth in the value of the shares in Constantin Medien recognized in retained earnings. The reduction in other reserves of TCHF 623 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. 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 12,283 to TCHF 9,983, essentially as a result of the reclassification of the contingent purchase price payment to UEFA of TCHF 12,013 to current other liabilities, current liabilities climbed by TCHF 121,285 to TCHF 502,187. Advance payments received rose by TCHF 15,095 to TCHF 58,014. At the same time, current financial liabilities increased by TCHF 99,789 to TCHF 303,996. This increase was mainly due to financing of film projects.

Sales in the first three quarters of 2012 were TCHF 312,667, after TCHF 244,735 in the same period of 2011. The increase of TCHF 67,932 mainly results from higher sales in the Film segment of TCHF 72,628. Capitalized film production costs and other own work capitalized increased by TCHF 14,937 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 three quarters of 2011.

Cost of materials and licenses climbed by TCHF 28,701 year-on-year. The increase was chiefly a result of higher production volumes in the Film segment.

Personnel expenses amounted to TCHF 80,236 in the reporting period, equivalent to an increase of TCHF 4,854 as against the same period of 2011. Personnel expenses increased in the Film segment due to production, while in the Sports- and Event-Marketing segment they decreased.

Amortization, depreciation and impairment on film assets as well as intangible assets and property, plant and equipment totaling TCHF 92,675 (previous year's period: TCHF 49,972) includes TCHF 88,027 in amortization, depreciation (previous year's period: TCHF 47,782) and impairment of TCHF 4,648 (previous year's period: TCHF 2,190), which relates in full to film assets.

The unrecognized share of losses of companies measured at equity amounted to TCHF 596.

The financial result of the first three quarters of 2012 declined by a total of TCHF 7,162 compared to the 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 41 in the reporting period (previous year's period: loss of TCHF 941). This transaction was the sale of 900,000 treasury shares by Highlight Communications AG to a financial institution (counterparty) at a price of EUR 3.46 per share (previous year's period: EUR 6.90). An early settlement was made in the third quarter of 2012. At the same time, a new contract was concluded with a term from September 20, 2012 (transaction date) to December 27, 2013. As before, the contract stipulates that profit from the sale of shares by the counterparty would be received in full by the Highlight Group. Any loss would likewise have to be borne by Highlight Communications AG. The difference between the share price as of September 30, 2012 and the original selling price of EUR 3.46 results in a receivable of TCHF 52 in the consolidated interim financial statements (December 31, 2011: liability of TCHF 3,790). The sale of shares by the counterparty must take place during the contractual selling period (August 29, 2013 to December 20, 2013), subject to early settlement.

7. Explanatory notes to equity

As of September 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 nine 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, before taxes and before earnings from discontinued operations.

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 September 30, 2012

(TCHF)	Film	Sports- and Event-Marketing	Other Business Activities	Other	Recon-ciliation	Group
External sales	248,193	57,136	7,338	–	–	312,667
Other segment income	61,196	627	1,105	–	-741	62,187
Segment expenses	-299,859	-32,389	-9,384	-3,936	741	-344,827
thereof depreciation, amortization	*-86,436*	*-698*	*-893*	–	–	*-88,027*
thereof impairment	*-4,648*	–	–	–	–	*-4,648*
Segment result	**9,530**	**25,374**	**-941**	**-3,936**	–	**30,027**
Non-allocable items:						
Earnings from investments in associated companies and joint ventures						170
Financial income						3,655
Financial expenses						-6,873
Profit from continuing operations before taxes						**26,979**

Segment information January 1 to September 30, 2011*

(TCHF)	Film	Sports- and Event-Marketing	Other Business Activities	Other	Recon-ciliation	Group
External sales	175,565	68,759	411	–	–	244,735
Other segment income	50,391	73	–	–	–	50,464
Segment expenses	-220,020	-42,536	-1,201	-4,125	–	-267,882
thereof depreciation, amortization	*-46,710*	*-888*	*-184*	–	–	*-47,782*
thereof impairment	*-2,190*	–	–	–	–	*-2,190*
Segment result	**5,936**	**26,296**	**-790**	**-4,125**	–	**27,317**
Non-allocable items:						
Earnings from investments in associated companies and joint ventures						-1,301
Financial income						13,865
Financial expenses						-9,921
Profit from continuing operations before taxes						**29,960**

** 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 11,751 to TCHF 65,109 as of September 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 September 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 5 (previous year's period: TCHF 15). The expenses of TCHF 42 (previous year's period: TCHF 202) 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 September 30, 2012 (December 31, 2011: TCHF 134).

In the reporting period, total revenue of TCHF 354 (previous year's period: TCHF 44) 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 69 as of September 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 7) were incurred with SPORT1 GmbH, an indirectly wholly-owned subsidiary of Constantin Medien AG. As of September 30, 2012, there were neither receivables nor liabilities (December 31, 2011: TCHF 0 respectively).

Expenses of TCHF 282 were incurred with Plazamedia GmbH TV- & Film-Produktion, an indirectly wholly-owned subsidiary of Constantin Medien AG, in the first three quarters of 2012 (previous year's period: TCHF 164). There were no liabilities as of September 30, 2012 (December 31, 2011: TCHF 47).

In the reporting period, expenses of TCHF 7 (previous year's period: TCHF 26) were incurred with Plazamedia Swiss AG, an indirectly wholly-owned subsidiary of Constantin Medien AG. There were no liabilities as of September 30, 2012 (December 31, 2011: TCHF 4).

The Highlight Group's sales and other net income of TCHF 665 in the reporting period (previous year's period: TCHF 736) realized with PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH essentially related to the service production “Dahoam is Dahoam”. As of September 30, 2012, there were receivables of TCHF 1,575 (December 31, 2011: TCHF 5). Liabilities amounted to TCHF 0 as of September 30, 2012 (December 31, 2011: TCHF 1,430).

Sales of TCHF 0 (previous year's period: TCHF 3,016) as well as expenses of TCHF 157 (previous year's period: TCHF 5,889) were generated with NEF-Production (Société par Action Simplifiée) during the reporting period. Receivables stood at TCHF 1,928 (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 3,626 as of September 30, 2012 (December 31, 2011: TCHF 0). Liabilities amounted to TCHF 24 as of September 30, 2012 (December 31, 2011: TCHF 0).

Total income of TCHF 10 was incurred with Mister Smith Entertainment Ltd. in the reporting period (previous year's period: TCHF 0). There were receivables of TCHF 860 as of September 30, 2012 (December 31, 2011: TCHF 0). There were no liabilities as of September 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 first three quarters of 2012 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 271 in the first three quarters of 2012 (previous year's period: TCHF 278). 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 September 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.

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Europa League beats Champions League: With a compelling performance, Club Atlético de Madrid triumphed over Chelsea FC to win the UEFA Super Cup game.

Events 2013

Film	
Berlinale	February 7 – 17
Academy Awards	February 24
Cannes Film Festival	May 15 – 26
Locarno Film Festival	August 7 – 17
Venice Film Festival	August 28 – September 7
Toronto Film Festival	September 5 – 15

Sports- and Event-Marketing	
UEFA Europa League final	May 15
UEFA Champions League final	May 25

Other Business Activities	
Vienna Philharmonic's New Year's Day Concert	January 1
Eurovision Song Contest, semifinals	May 14 and 16
Eurovision Song Contest, final	May 18
Vienna Philharmonic's Summer Night Concert	May 30

Investor Relations	
Annual report 2012	March
Interim reports	May/August/November
German Equity Forum	November

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