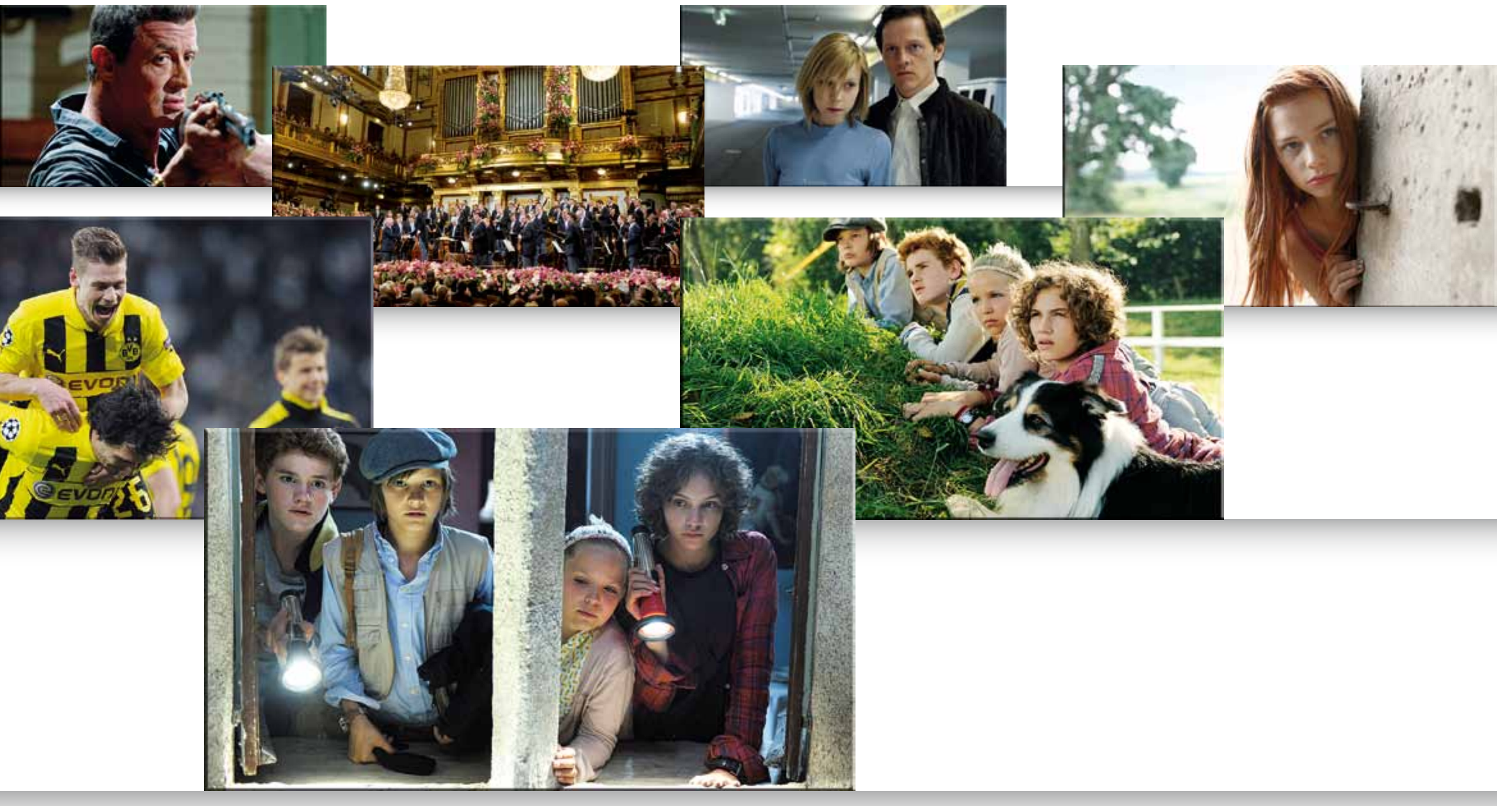
Highlight

Highlight Communications AG

Interim Report
as of March 31, 2013



Red carpet in Munich: Together with 1,200 enthusiastic guests, the stars of “The Famous Five 2” celebrated the world premiere of the adventure film.

The Highlight Group closed the first quarter of 2013 with sales and earnings in line with expectations.

Highlight Communications AG, Pratteln, Switzerland

Film

100 %

Constantin Film AG
MUNICH, GERMANY

Subsidiaries of Constantin Film AG

Constantin Film Schweiz AG
PRATTELN, SWITZERLAND

100 %

Highlight Communications (Deutschland) GmbH
MUNICH, GERMANY

Rainbow Home Entertainment AG
PRATTELN, SWITZERLAND

Rainbow Home Entertainment GmbH
VIENNA, AUSTRIA

Sports- & Event-Marketing

100 %

Team Holding AG
LUCERNE, SWITZERLAND

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

Team Football Marketing AG
LUCERNE, SWITZERLAND

Other Business Aktivities

59.89 %

Highlight Event & Entertainment AG
DÜDINGEN, SWITZERLAND

Highlight Event AG
LUCERNE, SWITZERLAND

Members of the Highlight Group

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PREFACE

Dear shareholders and other interested parties,

In the first quarter of 2013, the Highlight Group generated sales and earnings in line with the expectations for the current year.

The German movie market posted a slight year-on-year increase in revenue and audience figures in the first quarter of 2013. This was also partly attributable to a number of new releases from the Constantin Film Group, which achieved a market share of 7.4 % of viewers with a total of six films. The co-production “The Famous Five 2” performed well, attracting an audience of close to 1.1 million. The same applies to the family film “Ostwind”, which was released in mid-March and is still playing successfully in movie theaters with more than 700,000 viewers to date.

In the home entertainment business area, the Highlight Group also benefited from attractive new DVD and Blu-ray releases under the Constantin Film label. So far, the high point of our slate for this year has been the international Constantin Film own production “Resident Evil: Retribution”, which chalked up sales of 220,000 units in German-speaking countries between the middle and the end of March. Another of our top sellers in the first quarter was the licensed title “Step Up Revolution”.

Based on this marketing success, the Film segment generated external sales of CHF 68.6 million in the period from January to March 2013, exceeding the previous year’s figure (CHF 64.3 million) by 6.7 %. Segment expenses rose by 13.2 % to CHF 90.3 million (previous year’s period: CHF 79.8 million) due to the considerably higher cost of materials and licenses in connection with productions. As a result of these developments, the segment result amounted to CHF –1.3 million (previous year’s period: CHF 1.5 million).

In the Sports- and Event-Marketing segment, external sales of CHF 12.5 million were generated (previous year’s period: CHF 21.8 million). This drop was due to changes in the business relationship with UEFA, including handing over match organization to UEFA, and the hiving off of the music activities to the Other Business Activities segment. As a result of the targeted reduction of segment expenses by CHF 4.2 million or 35.9 % to CHF 7.5 million, a segment result of CHF 5.0 million was generated. As expected, this was lower than the previous year’s figure but approximately at a similar level to the two previous quarters.

The Other Business Activities segment generated external sales of CHF 0.9 million (previous year’s period: CHF 0.6 million) and other income of CHF 0.3 million (previous year’s period: CHF 0.3 million). After deducting expenses of CHF 1.7 million (previous year’s period: CHF 1.5 million), the segment posted a slightly lower loss of CHF 0.5 million in the first quarter of 2013 (previous year’s period: CHF 0.6 million).

As expected, consolidated sales were down slightly at CHF 81.9 million as compared to the previous year’s figure of CHF 86.8 million. This decline is attributable to the lower external sales of the Sports- and Event-Marketing segment. By contrast, the Highlight Group’s total output (sales plus capitalized film production costs and other own work capitalized) of CHF 97.2 million remained at the level of the first quarter of 2012 (CHF 96.3 million) due to a higher production volume.

Consolidated operating expenses increased from CHF 94.2 million to CHF 100.7 million, also due to production, with the effect that the profit from operations of CHF 1.6 million was considerably lower than the previous year's figure (CHF 10.0 million). This resulted in consolidated net profit of CHF 2.2 million (previous year's period: CHF 7.6 million). The share of earnings attributable to Highlight's shareholders amounted to CHF 1.8 million (previous year's period: CHF 7.6 million), corresponding to earnings per share of CHF 0.04 (previous year's period: CHF 0.17).

The Constantin Film Group has had one further theatrical release in the second quarter. The licensed title "Scary Movie 5" was released successfully at the end of April and has attracted an audience of more than 650,000 moviegoers to date.

As in the previous years, the focus of this year's distribution slate is on the third and fourth quarters. This period will see the release of "Ender's Game" and the new Bora Dagtekin comedy "Fack ju Göhte", as well as "Tarzan". Our major international production "The Mortal Instruments: City of Bones" will be released on August 29. Fans and movie experts already have high expectations of the film following the release of the trailer. Due to the positive assessment, we have already given the green light for the second part, "The Mortal Instruments: City of Ashes", in coordination with our partner Sony prior to the release of "The Mortal Instruments: City of Bones".

For 2013 as a whole, we are still forecasting consolidated sales of between CHF 350 million and CHF 400 million. The amount of consolidated net profit will largely depend on the results of our theatrical slate in the third and fourth quarters.

HIGHLIGHT COMMUNICATIONS AG STOCK

Development of the capital markets

After a very positive performance in 2012, sentiment on the international equity markets also remained largely optimistic in the first quarter of 2013. Driven by robust economic data, decreasing risk aversion among financial market participants and the U.S. central bank's continued expansive monetary policy, many benchmark indices marked further significant increases. Neither the difficult process to form a government in Italy nor the budget cuts that took effect in the USA at the beginning of March had a sustained impact on the market development. The only event to lead to short-term irritations was the risk of a sovereign default in Cyprus, which was staved off at the last minute by an EU bailout program.

The clear winner in the first three months of the year was the Japanese equity market, whose benchmark index, the Nikkei 225, posted an increase of 19.3 % to 12,398 points. The US Dow Jones Industrial Average index also put in a very good performance. It reached the highest level in its history of 14,585 points shortly before the end of the quarter and closed the first three months with a rise of 11.3 %.

The European benchmark indices were topped by the Swiss Market Index (SMI), which closed trading at 7,814 points – an increase in value of more than 14.5 %. It was particularly noteworthy that all 20 companies included in the SMI posted share price increases in the first quarter of 2013 – in many cases even with double-digit percentage growth.

The DAX recorded a much weaker development: Although it moved back above the 8,000-points mark in mid-March, it was unable to maintain this level in the wake of the Cyprus crisis. The index closed the first three months at 7,795 points, representing only a slight rise of 2.4 %. The SDAX small cap index, which also includes the Highlight stock, generated an increase of around 8.6 % to close trading at 5,698 points. By contrast, the index for German media stocks (DAXsector Media) remained on an upswing, rising by another 19.4 % to close at 218 points.

Performance of Highlight stock in the first quarter of 2013

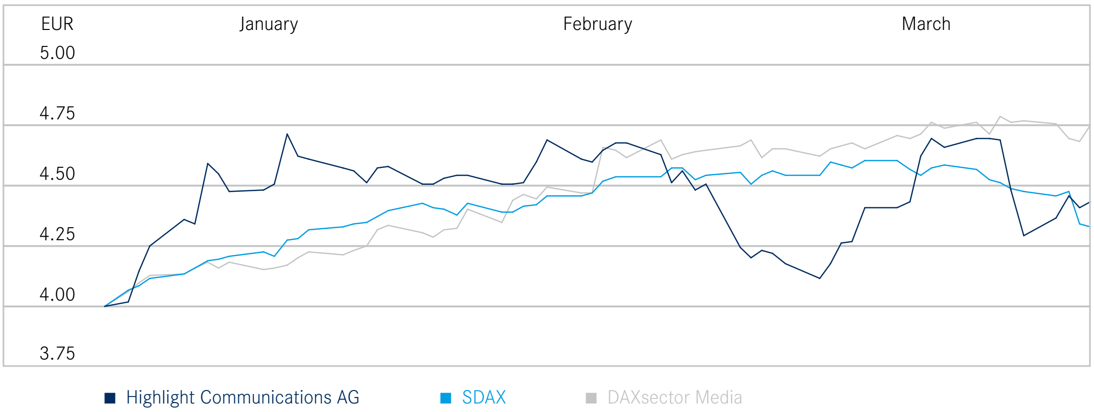
Having started the new year at a closing price of EUR 3.98, the performance of Highlight stock was dominated by a steep upward trend until mid-January, with the price quotation rising to EUR 4.72. During the subsequent lateral movement that lasted until mid-February, the share price ranged between EUR 4.50 and EUR 4.70.

The second half of the quarter was characterized by high volatility, with the share price initially falling gradually to EUR 4.10 before reaching a level of EUR 4.70 again in the short term. On March 28, Highlight stock closed on Xetra at EUR 4.43, corresponding to a significant increase of 11.3 % in the first three months of the current fiscal year. As of the end of the quarter, the 52-week high was EUR 4.79 (March 19, 2013) while the 52-week low was EUR 3.24 (June 28, 2012).

In the period from January to March 2013, approximately 3.34 million Highlight shares were traded on Deutsche Börse AG's Xetra trading system. This is equivalent to an average of a little over 53,800 shares per trading day – an increase of around 28 % compared to the first quarter of 2012 (42,100 shares). In Deutsche Börse AG's trading volume ranking for the MDAX and SDAX segments, Highlight stock improved to 96th place as of March 31, 2013 (December 31, 2012: 97th place). In terms of free float market capitalization, the stock was ranked 101st (December 31, 2012: 98th).

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

Indices indexed at Highlight closing price as of December 31, 2012 for comparison.



Subscribed capital and shareholder structure

As of March 31, 2013, the subscribed capital of Highlight Communications AG still amounted to CHF 47.25 million, divided into 47.25 million bearer shares each with a nominal value of CHF 1.00. There were no treasury stock transactions in the period under review, meaning that there was no change in the number of shares held by the company. As of the end of the first quarter of 2013, the company held around 1.16 million treasury shares without voting rights, corresponding to 2.5 % of the subscribed capital. Excluding these shares, there were 46.09 million shares in circulation.

There were also no changes in the shareholder structure in the period under review: Constantin Medien AG holds 47.3 % of Highlight's shares, while the latest confirmed holdings show that 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 March 31, 2013, the free float amounted to 50.3 % in accordance with the definition set out by Deutsche Börse AG.

Investor relations activities

From the start, the Highlight Group's strategy has been focused on the sustainable increase of enterprise value. Continuous, open communication with capital market participants forms a key element of this strategy. We therefore provide the target group of financial analysts, fund managers and institutional investors with comprehensive information at a large number of individual meetings in order to make it easier for them to assess our current business situation and the future development of the Highlight Group. In addition, we also conduct roadshows and presentations at important financial centers.

However, the central information tool for all interested parties remains our website (www.highlight-communications.ch). Based on the principle of fair disclosure, all relevant information on the company is published there in a timely manner. This primarily relates to our annual and interim reports, press releases and ad-hoc disclosures, which can be read online or ordered from us in printed form free of charge at all times. Our newsletter service provides an even more comfortable option: After registering online, users receive all of our publications immediately and automatically by e-mail.

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

Close Brothers Seydler Research	Rating: Buy	Price target: EUR 6.00
DZ Bank	Rating: Buy	Price target: EUR 8.00

Information on Highlight stock as of March 31, 2013

ISIN/ticker	CH 000 653 9198/HLG
Indices	SDAX, DAXsector Media
Closing price	EUR 4.43
52-week high	EUR 4.79
52-week low	EUR 3.24
Subscribed capital	CHF 47.25 million
Shares in circulation	46.09 million
Market capitalization (in relation to shares in circulation)	EUR 204.2 million

Directors' dealings/shareholdings of executive bodies as of March 31, 2013

In the first quarter of 2013, 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 March 31, 2013, the Chairman and Delegate of the Board of Directors Bernhard Burgener and Board of Directors member René Camenzind each 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 March 31, 2013:

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	177,000	–
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, and third-party productions 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 field, 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 (UEFA).

The Other Business Activities segment includes the activities of Highlight Event & Entertainment AG, Düdingen, in which Highlight Communications AG holds a 59.89 % stake. The company operates in the event and entertainment business and owns the marketing mandates for the Eurovision Song Contest and the Vienna Philharmonic Orchestra. Via its subsidiary Escor Automaten AG, the Highlight Event & Entertainment Group also operates in the gaming machines business.

Until November 29, 2012, Highlight Event & Entertainment AG also held a 50.004 % stake in full-service agency Pokermania GmbH, Cologne, which specialized in the development of online gaming business models and the market of social gaming. This stake was sold to Highlight subsidiary Rainbow Home Entertainment AG. However, Pokermania's activities will continue to be attributed to the Other Business Activities segment.

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 currently consists of four members, at Constantin Film AG it is the Management Board which is also made up of four people, 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 first quarter

Constantin Film's hit comedy "Türkisch für Anfänger" won the audience prize at the Bavarian Film Awards, held on January 18, 2013. The Constantin Film co-production "Das Haus der Krokodile" was awarded the Bavarian Film Award for best children's film of 2012.

At the 2013 TV Crime Festival in Wiesbaden at the beginning of March, the historical police thriller "Mord in Eberswalde – Der Fall Hagedorn", which Constantin Film subsidiary Westside Film GmbH produced last year on behalf of WDR, won the German TV Crime Award.

Report on business performance and the situation in the Film segment

Theatrical production/acquisition of rights

The issue of the bill on the amendment of the German Film Subsidies Act (FFG) including the planned changes to the FFG, passed by the German Federal Cabinet and detailed in the annual report 2012, remains relevant. As the future FFG for the period beginning January 1, 2014, has not yet received parliamentary approval, it still needs to be implemented in this legislative period.

United Cinemas International's complaint against the existing version of the FFG to the German Federal Constitutional Court also remains unresolved. A corresponding hearing is expected in June or July 2013. In this case, the German Federal Constitutional Court is not only examining potential discrepancies in fee payment obligations, but also the fundamental question of whether the German Federal Government actually has the necessary legislative authority to pass the FFG. If the answer to this question is no, this could have a negative impact on the structure of film grant funding in Germany.

At the Constantin Film Group, further internationalization remains the main focal point of production activities. The company will be concentrating even more on producing English-language films for the global market in the future. According to current plans, a total of 14 promising film projects are still in the pipeline for the next few months, four of which are English-language productions geared towards the international market.

For instance, the first take for the 3D action adventure “Pompeii”, which tells the story of one of the biggest disasters in history, the eruption of Vesuvius in 79 BC, was completed in Italy in March. Directed by Paul W. S. Anderson, the film is a co-production between Constantin Film and Impact Pictures. Filming is set to continue in Toronto in the current quarter.

The first quarter saw the completion of filming of the international 3D own production “Tarzan”, which is scheduled to reach German theaters in summer 2013. The same applies to the international co-production “The Mortal Instruments: City of Bones” (release in Germany: end of August 2013), the comedy “Da geht noch was” (in theaters from mid-September 2013) and the new Gerhard Polt film “...und Äktschn!”, for which there is no release date yet.

In rights acquisition, fewer licensed titles were acquired in the first quarter of 2013 than in the same period of the previous year. This is attributable to weaker overall market supply, and the partnership with the US studio DreamWorks, concluded in 2012. One of the first DreamWorks productions that Constantin Film will release in German theaters is the US remake of “Starbuck”, with the working title “Delivery Man”. The partnership with DreamWorks is a major success for Constantin Film, particularly in view of increasingly intense competition among independent distribution companies for licensed films on the global market.

TV service production

Although the decline in the number of production companies that has been expected for several years has largely failed to materialize, the shrinking budgets of broadcasters for TV service productions remain a problem. With the public-sector TV stations receiving over EUR 7.5 billion in license fees and many private broadcasters posting record profits, most producers feel that this is unjustified. For many producers, insufficient compensation for their services combined with extensive cession of rights to the commissioning stations is by far the biggest problem. In addition, producers receive an insufficient share of revenues from the exploitation of productions on the Internet, as they have been granted hardly any rights of their own, and these are essential to creating value.

Both the German Producers’ Alliance and the associations, such as the German Directors’ Guild, are also concerned about the “theater fatigue” of TV channels, and are calling for a clear commitment to movies. Although the call by public-sector broadcasters for guaranteed financing is an understandable and worthy one, the stations’ responsibility includes providing more attractive transmission slots for movies.

The developments arising from the arrival of YouTube on the TV market in Germany are worth noting. The Internet video portal launched an assault on the conventional TV stations in December 2012 with twelve professional channels and a content offensive. It remains to be seen whether the YouTube model will ultimately pay off through advertising sales and could lead to a real alternative for producers.

Two TV productions of the Constantin Film Group from 2012 significantly exceeded expectations on their first airing in the first quarter of 2013: The major TV project of MOOVIE – the art of entertainment GmbH “Das Adlon. Eine Familiensaga”, directed by Uli Edel, was shown on ZDF at the beginning of January and achieved outstanding market share figures of 22.5 % (first part), 24.2 % (second part) and up to 25.7 % (third part) of the total audience.

Til Schweiger's "Tatort" debut, "Willkommen in Hamburg" – a production of Polyscreen Produktionsgesellschaft für Film und Fernsehen mbH in cooperation with Constantin Television GmbH – attained the series' best audience figures for 20 years with 12.57 million viewers (market share 33.8 % in the target demographic of 14-to-49-year-olds).

Filming of the sixth season of the enduringly successful Bavarian daily format "Dahoam is Dahoam", which Polyscreen produces in conjunction with Constantin Television for the early evening schedule of Bayerischer Rundfunk, took place in the reporting period. The TV play "Dampfnudelblues", produced by Constantin Television and based on Rita Falk's popular Lower Bavarian murder mystery, is now finished, and will be shown on ARD in 2013.

Productions by Constantin Entertainment GmbH on behalf of Sat.1 in the first quarter of 2013 included a new season of the daily format "K11 – Kommissare im Einsatz". The first airing of these 149 episodes started at the end of January. In addition, the formats "Schicksale...und plötzlich ist alles anders", "Die Pfandleiher", "3 Schwestern" and "Im Namen der Gerechtigkeit" are being produced for Sat.1. For RTL 2, eight episodes of the docu-soap "Promi-Frauentausch" and the fourth season of "Extrem Schön! Endlich ein neues Leben" were completed in the reporting period.

In other European countries, productions by the subsidiaries of Constantin Entertainment GmbH included new seasons of the established formats "Kuchenne Rewolucje" (cooking show, Poland), "Prodicne taine" (Family Stories, Serbia) and "Paklena Kuhinja" (Kitchen Nightmares). In Israel, the second season of "The Voice of Israel" is currently being produced for the broadcaster Reshet. In both the first season and the current one, the casting show has achieved outstanding average ratings of over 43 %.

Theatrical distribution

In the first quarter of 2013, revenues of EUR 256.2 million were generated in German theaters (first quarter of 2012: EUR 252.4 million), and 33.1 million movie tickets were sold (first quarter of 2012: 32.4 million). In terms of revenues, the movie market is therefore 1.5 % higher than the value for the same period in 2012, while audience figures rose by 2.2 %.

The strong performance – particularly for German films – in the first three months was partly boosted by increased ticket prices for 3D films. It was also based on high-grossing theatrical exploitation of films that were launched at the end of 2012 ("The Hobbit: An Unexpected Journey" and "Life of Pi"), as well as successful new releases in the first quarter of 2013. These chiefly included the Quentin Tarantino western "Django Unchained", which exceeded all expectations with 4.3 million moviegoers and commanded an increased ticket price due to its runtime, and the new Til Schweiger comedy "Kokowääh 2", which drew an audience of 2.5 million.

"Kokowääh 2" was one of three German productions – along with "Schlussmacher" (2.5 million moviegoers) and the Constantin Film co-production "The Famous Five 2" (just under 1.1 million moviegoers) – to attract a seven-figure audience in the first quarter of 2013, which not a single German film managed in the same period of the previous year. Accordingly, the German market share in terms of moviegoers also rose from 18.6 % in the first quarter of 2012 to 31.9 % in the reporting period.

The six films that the Constantin Film Group released in German theaters in the period from January to March marked a promising start to movie year 2013. Half of them featured in the top 10 most-watched movies: the youth adventure "The Famous Five 2", released at the end of January, came third, sixth place went to the Natascha Kampusch film "3096 Tage", which attracted an audience of 520,000 in the reporting period, while the family film "Ostwind" secured tenth place with 460,000 moviegoers.

With the performance of all films released in the first quarter of 2013, Constantin Film attained an audience market share of 7.4 % on the German movie market, coming fourth behind Fox, Warner and Sony. In terms of revenues, it ranked fifth with 6.0 %, behind Fox, Warner, Sony and Paramount. With both placings, Constantin Film once again proved to be Germany's most successful independent distributor.

Home entertainment

According to forecasts by the market research company GfK, the German home entertainment industry generated total revenues of EUR 278 million in the period from January to February 2013*), up 10.3 % on the same period of the previous year (EUR 252 million). Increases were posted in both the video sell-through market and the video rental market here.

According to the GfK forecast, DVDs and Blu-ray discs generated retail revenues of EUR 205 million in the first two months of 2013 (same period of 2012: EUR 192 million). As in the previous year's period, DVDs accounted for EUR 146 million of this figure. In contrast, Blu-ray revenues rose by around 28.3 % to EUR 59 million (same period of 2012: EUR 48 million).

The electronic sell-through market also continued to perform positively. Revenues from electronic sell-through increased by 62.5 % to around EUR 13 million in the period from January to February 2013 (same period of 2012: approximately EUR 8 million). In terms of total revenues in the physical and electronic sell-through market, the first two months of 2013 were therefore up 9.0 % on the previous year (EUR 200 million) at EUR 218 million.

For the video rental market, GfK forecast total revenues of EUR 59 million in the period from January to February 2013 (same period of 2012: EUR 51 million). DVD and Blu-ray rentals account for EUR 39 million of this (same period of 2012: EUR 42 million), and digital rentals via video-on-demand or pay-per-view account for EUR 20 million (same period of 2012: EUR 10 million). The 100 % growth in the electronic video rental market is mainly driven by rising sales figures for Internet-enabled TV sets, while the revenues of conventional rental outlets continued to fall.

In conjunction with its partner Paramount Home Entertainment, the Highlight Group achieved a market share of 9 % in the first two months of the year with its new releases on the German video rental market (January to February 2012: 16 %). In the video sell-through market, the joint market share was also 9 % (January to February 2012: 10 %).

The absolute bestseller in the first quarter was Constantin Film's theatrical hit "Resident Evil: Retribution". Released in mid-March, it chalked up sales of 220,000 units in German-speaking countries by the end of the quarter. The fifth part of the apocalyptic horror-action series thus immediately shot to the top six of the German DVD and Blu-ray sales charts. Another top new release was the licensed title "Step Up Revolution". The hit comedy "Türkisch für Anfänger", which went on sale back in 2012, also became firmly established in the catalog sales charts.

**) Due to a system change of GfK, data for the first quarter of 2013 was not available on the editorial closing date.*

License trading/TV exploitation

The large private general TV channels lost significant market share in the first quarter of 2013. Media observers believe that these falling audience figures are due to the increasing fragmentation of the German TV landscape, which is driven by ongoing digitization and the increase in new digital TV channels such as RTL Nitro (free TV), ProSieben Fun and Sat.1 Emotions (pay TV). The broadcasters intend to extend their reach with these channels.

ARD and ZDF are currently discussing the possibility of merging their digital channels. This could see just three of the six existing channels remain: A channel for the target demographic of 14-to-29-year-olds, a channel for 30-to-49-year-olds and an information and news channel, according to ZDF's proposal. With their focus on special content, these new channels could be possible partners for film production companies like Constantin Film AG in the future.

In Constantin Film Group's license trading business area, the start of the initial licenses of "The Resident" (ZDF), "Carnage" (Sky Deutschland), "The Courier" (Sky Deutschland), "Wickie and the Treasure of the Gods 3D" (Sky Deutschland) and others had a positive impact on revenues in the first quarter of 2013. In secondary market releases, the reporting period saw the license terms start for "Hui Buh – Das Schlossgespenst" (ARD/Degeto), "D.O.A. – Dead or Alive" (ProSiebenSat.1), "Resident Evil" (ProSiebenSat.1) and "Siegfried" (ProSiebenSat.1).

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

Broadcasting of sports events remains the best opportunity for TV stations to achieve record viewing figures. In 2012, this particularly applied to the European Football Championships and the Olympic Games. However, annually recurring highlights such as the UEFA Champions League final also attracted high audiences. Conventional television reception remained by far the most popular medium, even though more options are open to sports consumers than in the past through the ongoing growth of mobile applications and social networks.

Following the successful marketing of the TV and sponsorship rights to the UEFA Champions League and the UEFA Europa League for the 2012/13 to 2014/15 seasons in fiscal year 2012, the TEAM Group focused on actively supporting its commercial partners in the knockout rounds of both competitions in the first quarter of 2013. Once again, the many attractive and exciting matches in European football's two elite club competitions fascinated millions of viewers, who watched the action either at the stadiums or live on TV at home.

The final of the UEFA Europa League, to be held on May 15, 2013, in the Amsterdam ArenA, will be contested between last year's UEFA Champions League winner Chelsea FC and SL Benfica. The prestigious UEFA Champions League final, to be played on May 25 in London's Wembley Stadium, will see arguably the two best clubs in European football at the moment – FC Bayern München and Borussia Dortmund – compete for the title.

With regard to the forthcoming marketing cycle from 2015/16 to 2017/18 for both competitions, initial exploratory discussions were already held with attractive partners on TV rights as well as sponsorship rights in the reporting period. In addition, TEAM and UEFA are currently in an intensive dialog on how the commercial concepts of the UEFA Champions League and the UEFA Europa League can be enhanced for these seasons.

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

According to estimates by the German Trade Association of Interactive Entertainment Software (BIU), the German market for online and browser games declined in 2012, following previous strong growth. Revenues from fees and subscriptions for online and browser games fell by more than 32% to approximately EUR 124 million, with the number of users dropping by around 10% to approximately 14 million.

By contrast, the market for the purchase of virtual extra content (new characters, additional game levels etc.) remained relatively stable, with revenues here falling by roughly 3% from around EUR 233 million to around EUR 226 million. In this area, a decline in average spending per paying user was largely offset by a significant increase in the number of buyers from 3.7 million to 4.7 million.

Sponsorship expenditure for live music in Europe rose by more than 10% to approximately EUR 118 million in 2012. Germany accounted for around EUR 21 million of this total volume, which means that the advertising companies active in this sector invested around 17% more than in the previous year. The biggest sponsor was the drinks industry (33%), followed by the automobile industry (19%) and the telecommunications sector (12%).

Highlight Event AG initially focused on the successful commercial delivery of the 2013 New Year's Day Concert of the Vienna Philharmonic Orchestra. The traditional event, conducted for the second time by Franz Welser-Möst, General Music Director of the Vienna State Opera, was again broadcast to more than 70 countries worldwide on a live or delayed basis. With this international reach, the New Year's Day Concert again underlined its status as by far the biggest event in the area of classical music.

In addition, preparations for the Eurovision Song Contest were in full swing. This year's event – the 58th – started on May 14 (first semifinal) and is being held to May 18 (final) in Malmö, Sweden. The Vienna Philharmonic Orchestra's Summer Night Concert, to be held on May 30 in the park of Schönbrunn Palace and conducted by the US conductor and composer Lorin Maazel, was also in the preparation stage.

Another focal point was the event and sales activities relating to the new projects (Eurovision Young Musicians, merchandising for the Eurovision Song Contest and the AvD-Oldtimer-Grand-Prix). In addition, Highlight Event AG is concentrating on negotiations with concert organizers for the TV/sponsors' special concerts by the Vienna Philharmonic Orchestra in 2013 (Moscow and Beijing), 2014 (Sarajevo, Milan and Cologne) and 2015 (provisionally Singapore and Hong Kong).

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

Accounting principles

The Highlight Group has applied the accounting standard IAS 19 rev., Employee Benefits, since January 1, 2013. The obligation to apply this standard retrospectively leads to restatements of the comparative figures from the previous year in both the balance sheet and the income statement (see notes to the consolidated interim financial statements, note 3). All prior-year figures shown below refer to the restated ones.

Result of Group operations

In the period from January to March 2013, the Highlight Group generated consolidated sales of CHF 81.9 million – a decline of CHF 4.9 million or 5.6 % as against the same period of the previous year (CHF 86.8 million) that results from the Sports- and Event-Marketing segment. In contrast, capitalized film production costs and other own work capitalized posted an increase of CHF 5.8 million to CHF 15.3 million (previous year's period: CHF 9.5 million), with the result that the total output of CHF 97.2 million was up slightly on the previous year's level (CHF 96.3 million). Other operating income fell by CHF 2.8 million to CHF 5.1 million (previous year's period: CHF 7.9 million).

Consolidated operating expenses rose by CHF 6.5 million or 6.9 % to CHF 100.7 million after CHF 94.2 million in the first three months of 2012. The increase was due primarily to the cost of materials and licenses, which rose by CHF 10.8 million to CHF 41.6 million (previous year's period: CHF 30.8 million) in connection with productions. At CHF 23.5 million, personnel expenses were at virtually the same level as in the previous year's period (CHF 23.3 million), whereas amortization, depreciation and impairment decreased by CHF 0.7 million to CHF 19.2 million and other operating expenses fell by CHF 3.6 million to CHF 16.5 million.

As a result of the higher rise in costs in comparison to the increase in total output, which was attributable to productions, EBIT declined by CHF 8.4 million to CHF 1.6 million (previous year's period: CHF 10.0 million). Thus, the EBIT margin (EBIT in relation to consolidated sales) for the first three months of the current fiscal year was 2.0 %.

The financial result improved by a total of CHF 2.1 million from CHF –1.4 million in the first quarter of 2012 to CHF +0.7 million, due chiefly to currency effects. Financial income rose by CHF 1.3 million to CHF 2.3 million, whereas financial expenses fell by CHF 0.8 million to CHF 1.5 million.

After deducting tax expenses (income taxes and deferred taxes) of CHF 0.1 million (previous year's period: CHF 1.1 million), the Highlight Group reported a consolidated net profit of CHF 2.2 million for the first three months of the current fiscal year (previous year's period: CHF 7.6 million). TCHF 371 of these earnings (previous year's period: TCHF 23) is attributable to non-controlling interests. The share of earnings attributable to Highlight's shareholders amounts to CHF 1.8 million (previous year's period: CHF 7.6 million), resulting in earnings per share of CHF 0.04 for the first quarter of 2013 (previous year's period: CHF 0.17).

Result of segment operations

With marketing successes of the cinema films "The Famous Five 2", " 3096 Tage" and "Ostwind" as well as the home entertainment titles "Resident Evil: Retribution" and "Step Up Revolution", the Film segment generated external sales of CHF 68.6 million in the reporting period – an increase of CHF 4.3 million compared to the same period of the previous year (CHF 64.3 million). Other segment income, which is dominated mainly by capitalized film production costs, rose by CHF 3.3 million to CHF 20.3 million (previous year's period: CHF 17.0 million). As segment expenses posted a rise of CHF 10.5 million to CHF 90.3 million (previous year's period: CHF 79.8 million) at the same time, the segment result decreased from CHF 1.5 million in the first quarter of 2012 to CHF –1.3 million.

At CHF 12.5 million, external sales of the Sports- and Event-Marketing segment were CHF 9.3 million lower than in the first quarter of 2012 (CHF 21.8 million). This decline was due to changes in the business relationship with UEFA, including handing over match organization to UEFA, on the one hand. In addition, the hiving off of the music activities to the Other Business Activities segment also had an impact here. Segment expenses were reduced by CHF 4.2 million or 35.9 % to CHF 7.5 million (previous year's period: CHF 11.7 million), which led to segment earnings of CHF 5.0 million. As expected, this was lower than the previous year's figure (CHF 10.5 million) but approximately at a similar level to the two previous quarters.

The Other Business Activities segment generated external sales of CHF 0.9 million (previous year's period: CHF 0.6 million) and other income of CHF 0.3 million (previous year's period: CHF 0.3 million). After deducting expenses of CHF 1.7 million (previous year's period: CHF 1.5 million), the segment posted a loss for the first quarter of 2013 of CHF 0.5 million (previous year's period: CHF 0.6 million). The above figures can be compared to each other to a limited extent only owing to the reorientation of this segment towards event and entertainment business over the course of 2012.

Costs for holding activities increased slightly by CHF 0.1 million to CHF 1.5 million as against the previous year's figure (CHF 1.4 million).

Net assets situation

As of March 31, 2013, the total assets of the Highlight Group amounted to CHF 422.7 million, corresponding to a slight increase of CHF 0.8 million as against the end of 2012 (CHF 421.9 million). On the assets side, there were significant increases under current assets. Trade accounts receivable and other receivables due from third parties rose by CHF 8.5 million to CHF 123.9 million, while cash and cash equivalents decreased by CHF 10.5 million to CHF 62.0 million.

Film assets totaled CHF 163.7 million as of the end of the first quarter, equivalent to growth of CHF 1.1 million as against the end of fiscal year 2012 (CHF 162.6 million). This growth is due to the fact that, overall, additions slightly exceeded amortization and impairment losses on films being exploited. Of this total value, CHF 138.5 million (December 31, 2012: CHF 134.7 million) was attributable to in-house productions and CHF 25.2 million (December 31, 2012: CHF 27.9 million) to third-party productions.

Significant changes on the capital side of the balance sheet related firstly to current financial liabilities, which fell by CHF 10.7 million to CHF 125.3 million, and secondly to trade accounts payable and other liabilities due to third parties, which climbed by CHF 11.5 million to CHF 107.1 million.

Consolidated equity (including non-controlling interests) rose by CHF 6.3 million to CHF 117.6 million (December 31, 2012: CHF 111.3 million), partly due to the net profit for the period of CHF 2.2 million. Currency translation differences and gains from the measurement of financial assets at fair value resulted in an additional positive effect totaling CHF 4.2 million.

The notional equity ratio therefore improved to 27.8 % after 26.4 % at the end of 2012. The same applies to the adjusted equity ratio (after netting cash and cash equivalents against financial liabilities and advance payments received against film assets), which increased from 36.6 % to 37.3 %.

Financial situation

As of March 31, 2013, the Highlight Group had cash and cash equivalents amounting to CHF 62.0 million, representing a decline of CHF 10.5 million as against the end of 2012 (CHF 72.5 million). At the same time, financial liabilities were reduced by CHF 10.7 million to CHF 125.3 million (December 31, 2012: CHF 136.0 million), with the effect that net debt remained virtually unchanged at CHF 63.3 million (December 31, 2012: CHF 63.5 million). In contrast, the Highlight Group's gearing ratio fell from 57.1 % to 53.8 % as a result of the increase in equity.

The cash inflow from operating activities amounted to CHF 19.2 million in the first three months of the current fiscal year, corresponding to a slight decrease of CHF 0.8 million as against the previous year's figure (CHF 20.0 million). In addition to the lower net profit for the period, this development resulted chiefly from the changes in operating net current assets. Whereas these changes had a positive effect of CHF 2.1 million in the reporting period, there had been a negative effect of CHF 6.6 million in the previous year's period.

The Highlight Group's investing activities led to a net cash outflow totaling CHF 18.8 million in the reporting period (previous year's period: CHF 10.3 million). This increase was due mainly to considerably higher payments for film assets, which totaled CHF 18.2 million in the first quarter of 2013 after CHF 9.2 million in the previous year's period.

Financing activities led to a cash outflow CHF 11.5 million in the first quarter of 2013 (previous year's period: cash inflow of CHF 20.4 million), which resulted solely from the net repayment (previous year's period: net borrowing) of current financial liabilities.

Given the 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 March 31, 2013, the Highlight Group had 781 employees (March 31, 2012: 759). This figure includes employees on non-permanent, project-related contracts.

Events after the balance sheet date

At the beginning of April 2013, the Constantin Film Group was awarded the "Golden Industry Tiger" in the categories of production and distribution for the ninth time when the German Federal Film Board awarded reference funding for 2012. This award comes with reference funding totaling around EUR 2.15 million for production and funding of EUR 0.59 million for distribution.

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 2012 (see detailed description in the 2012 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 2012 annual report, please also note the following risks:

The main risk factors in terms of the economic result in the context of the EBU projects (particularly in the area of sponsorship) are the dependency on regional factors as well as the general economic situation in the euro zone. Furthermore, enthusiasm for pan-European telephone voting has waned in recent years. This trend is expected to continue, which could hit total income from the project. The same applies to merchandising, where income is dependent on various local factors such as weather conditions, hall utilization/ticket sales and fans' enthusiasm.

Forecast

Theatrical production/acquisition of rights

In the theatrical production/acquisition of rights business area, Constantin Film AG is focusing its strategy on maintaining and optimizing the high standards of its national and international own and co-productions as well as on 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.

For instance, filming of the international own production “Love, Rosie”, based on the romantic novel of the same name by the successful Irish author Cecelia Ahern and directed by Christian Ditter, has been in progress since April/May 2013. Filming of the Rat Pack production “Mara und der Feuerbringer”, based on the trilogy of novels by Tommy Krappweis, started at the same time. The school comedy “Fack ju Göhte”, directed by Bora Dagtekin, will be produced by Rat Pack Filmproduktion GmbH starting in May 2013, with release scheduled for November 2013.

TV service production

In TV service production, a stable advertising market is forecast again in 2013, which could have a positive impact on TV stations’ budgets. Another factor is the new household levy to the benefit of public broadcasters. However, the forecasts for this business area remain cautious, as the effects of current market developments – such as the effects of the household levy on the production activities of public broadcasters, innovations in the product portfolio of private broadcasters and the pay TV expansion on the TV service production market – still remain to be seen. Finally, the Internet, especially the YouTube TV channels, must be closely monitored as potential competition for commercial television.

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. In addition, the subsidiaries of Constantin Film AG are constantly working to develop innovative TV formats and expand their contacts with the major TV stations.

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 Film. For the next few months, Constantin Film AG expects an improvement in the order situation in this business area, which could also be positively impacted by the increasingly aggressive purchasing policy of the major online portals.

Theatrical distribution

In theatrical distribution, the German market is expected to perform strongly in the next quarter in terms of revenues and audience figures. Promising international and national releases such as “Iron Man 3”, “Star Trek Into Darkness”, “The Great Gatsby 3D” and “Hangover Part III” could ensure a successful spring for movies. In addition, the US studios are releasing many other strong titles in the summer. From a German perspective, the Constantin Film productions “Tarzan 3D”, “The Mortal Instruments: City of Bones” and “Fack ju Göhte” could make a real impression.

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, including those from the DreamWorks output deal, and bringing them to the big screen in periods relevant to the audiences due to the highly competitive environment.

The distribution slate for movie year 2013 currently consists of 18 films (9 own/co-productions and 9 licensed titles). Only one release – the licensed title “Scary Movie 5”, which arrived in cinemas at the end of April – is scheduled for the second quarter of 2013. In line with the usual seasonal trend, further releases of Constantin films are planned from August 2013, as US blockbusters with day-in-day starts (theatrical and video release on the same day) will dominate the movie market in the summer, for example with “Despicable Me 2”, “The Lone Ranger”, “Smurfs 2” and “White House Down”.

Home entertainment

On the German home entertainment market, electronic distribution (video-on-demand) is currently making great strides. Constantin Film AG expects the market share of video-on-demand – measured on the basis of the current market volume – to reach a double-digit percentage in the next few years.

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. The strategy in this business area also includes attractive presentation of 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 of new Constantin Film releases, is to be built upon further in the future. In home entertainment exploitation, stable revenues are expected in the next few months from titles such as “The Famous Five 2”, “Parker”, “3096 Tage”, “Bullet to the Head” and “Ostwind”.

License trading/TV exploitation

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 is also planning to acquire new partners. As the TV market is growing increasingly fragmented, many new niche broadcasters are attempting to gain market share. The Constantin Film Group is also endeavoring to supply them with relevant content. In license trading, the Constantin Film Group expects to make a real impression with the sale of its own films at the film market currently taking place in Cannes.

Sports- and Event-Marketing

Despite the overall volatile economic situation, the sponsorship expert IEG expects a further 4.2 % increase in global sponsorship expenditure in 2013. According to the current forecast, sponsorship investments are set to total USD 53.3 billion (2012: USD 51.1 billion) in the current year. IEG sees North America as the region with the biggest growth potential, and expects a 5.5 % increase to USD 19.9 billion (2012: USD 18.9 billion) there. However, above-average growth of 5.0 % to USD 12.6 billion (2012: USD 12.0 billion) is also forecast for the Asia-Pacific region. In Europe, IEG expects an increase of only 2.8 % to USD 14.5 billion (2012: USD 14.1 billion) due to the challenging economic situation in some countries.

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 recognized, extensive expertise and its close and long-standing relationships with its customers.

In operational terms, the main focal points are active support for commercial partners in the current season and preparations for the marketing process for the new sales cycle (2015/16 to 2017/18) of the UEFA Champions League and the UEFA Europa League, which will start in 2013.

Other Business Activities

The strategic aim of Highlight Event & Entertainment AG continues to be to further expand its position in event and entertainment business. To this end, existing partnerships are to be expanded further while new customers are to be acquired. There are also plans to further intensify the cooperation between Highlight Event & Entertainment AG and Highlight Communications AG, thus strengthening the market position of both companies.

Highlight Group

On the basis of these activities, we continue to expect consolidated sales of between CHF 350 million and CHF 400 million for 2013 as a whole. The amount of consolidated net profit will largely depend on the results of our theatrical slate in the third and fourth quarters.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of March 31, 2013 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 MARCH 31, 2013 (unaudited)

Highlight Communications AG, Pratteln

ASSETS (TCHF)	Mar. 31, 2013	Dec. 31, 2012*
Non-current assets		
In-house productions	138,524	134,687
Third-party productions	25,152	27,946
Film assets	163,676	162,633
Other intangible assets	4,639	4,954
Goodwill	17,941	17,892
Property, plant and equipment	5,617	5,864
Investments in associated companies and joint ventures	415	406
Non-current receivables due from third parties	2,377	1,464
Receivables due from associated companies and joint ventures	3,991	3,294
Other financial assets	251	249
Deferred tax assets	3,256	3,131
	202,163	**199,887**
Current assets		
Inventories	4,221	3,875
Trade accounts receivable and other receivables due from third parties	123,867	115,363
Receivables due from related parties	2	102
Receivables due from associated companies and joint ventures	4,068	3,326
Other financial assets	19,119	17,197
Income tax receivables	3,092	5,484
Cash and cash equivalents	62,004	72,517
Non-current assets held for sale	4,150	4,150
	220,523	**222,014**
Total assets	**422,686**	**421,901**

EQUITY AND LIABILITIES (TCHF)	Mar. 31, 2013	Dec. 31, 2012*
Equity		
Subscribed capital	47,250	47,250
Treasury stock	–1,157	–1,157
Capital reserve	–103,614	–103,614
Other reserves	–26,861	–28,106
Retained earnings	186,561	157,729
Shareholders' interests	1,826	25,944
Equity attributable to shareholders	104,005	98,046
Non-controlling interests	13,620	13,231
	117,625	**111,277**
Non-current liabilities		
Other liabilities	5	5
Pension liabilities	9,904	9,676
Provisions	834	1,434
Deferred tax liabilities	9,094	9,444
	19,837	**20,559**
Current liabilities		
Financial liabilities	125,316	136,034
Advance payments received	45,314	45,534
Trade accounts payable and other liabilities due to third parties	107,111	95,570
Liabilities due to related parties	429	250
Liabilities due to associated companies and joint ventures	1,518	1,344
Provisions	3,872	4,479
Income tax liabilities	1,664	6,854
	285,224	**290,065**
Total equity and liabilities	**422,686**	**421,901**

** Adjusted due to the effects of applying IAS 19 rev., see changes in accounting principles under note 3.*

CONSOLIDATED INCOME STATEMENT
JANUARY 1 TO MARCH 31, 2013 (unaudited)

Highlight Communications AG, Pratteln

(TCHF)	Jan. 1 to Mar. 31, 2013	Jan. 1 to Mar. 31, 2012*
Sales	**81,929**	**86,754**
Capitalized film production costs and other own work capitalized	**15,264**	**9,544**
Total output	**97,193**	**96,298**
Other operating income	**5,122**	**7,872**
Costs for licenses, commissions and materials	–9,298	–10,180
Costs for purchased services	–32,277	–20,636
Cost of materials and licenses	**–41,575**	**–30,816**
Salaries	–20,785	–20,777
Social security, pension costs	–2,683	–2,535
Personnel expenses	**–23,468**	**–23,312**
Amortization and impairment on film assets	–17,922	–18,967
Amortization, depreciation and impairment on intangible assets and property, plant and equipment	–1,242	–967
Amortization, depreciation and impairment	**–19,164**	**–19,934**
Other operating expenses	**–16,528**	**–20,088**
Profit from operations	**1,580**	**10,020**
Earnings from investments in associated companies and joint ventures	**5**	**64**
Financial income	2,266	966
Financial expenses	–1,530	–2,346
Financial result	**736**	**–1,380**
Profit before taxes	**2,321**	**8,704**
Current taxes	–652	–3,265
Deferred taxes	528	2,195
Taxes	**–124**	**–1,070**
Net profit	**2,197**	**7,634**
thereof shareholders' interests	1,826	7,611
thereof non-controlling interests	371	23

(CHF)	Jan. 1 to Mar. 31, 2013	Jan. 1 to Mar. 31, 2012*
Earnings per share		
Earnings per share attributable to shareholders, basic	0.04	0.17
Earnings per share attributable to shareholders, diluted	0.04	0.17

** Adjusted due to the effects of applying IAS 19 rev., see changes in accounting principles under note 3.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/LOSS JANUARY 1 TO MARCH 31, 2013 (unaudited)

Highlight Communications AG, Pratteln

(TCHF)	Jan. 1 to Mar. 31, 2013	Jan. 1 to Mar. 31, 2012*
Net profit	**2,197**	**7,634**
Currency translation differences	1,263	–1,331
Items that may be reclassified to the income statement in future	**1,263**	**–1,331**
Actuarial gains and losses of defined benefit pension plans	–	–537
Gains/losses from financial assets at fair value through other comprehensive income/loss	2,888	3,998
Items that will not be reclassified to the income statement in future	**2,888**	**3,461**
Other comprehensive income/loss, net of tax	**4,151**	**2,130**
Total comprehensive income/loss	**6,348**	**9,764**
thereof shareholders' interests	5,959	9,812
thereof non-controlling interests	389	–48

** Adjusted due to the effects of applying IAS 19 rev., see changes in accounting principles under note 3.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY JANUARY 1 TO MARCH 31, 2013 (unaudited)

Highlight Communications AG, Pratteln

(TCHF)	Equity	
	Subscribed capital	Treasury stock
Balance as of January 1, 2012	**47,250**	**–1,157**
Retrospective change in the method of accounting on the basis of IAS 19 rev.	–	–
Adjusted balance as of January 1, 2012	**47,250**	**–1,157**
Currency translation differences	–	–
Items that may be reclassified to the income statement in future	–	–
Actuarial gains and losses of defined benefit pension plans	–	–
Gains/losses from financial assets at fair value through other comprehensive income/loss	–	–
Items that will not be reclassified to the income statement in future	–	–
Other comprehensive income/loss, net of tax	–	–
Net profit	–	–
Total comprehensive income/loss	–	–
Reclassification of prior year's net profit	–	–
Purchase of treasury stock	–	–
Sale of treasury stock	–	–
Dividend payments	–	–
Change in non-controlling interests	–	–
Other changes	–	–
Balance as of March 31, 2012	**47,250**	**–1,157**
Balance as of January 1, 2013	**47,250**	**–1,157**
Retrospective change in the method of accounting on the basis of IAS 19 rev.	–	–
Adjusted balance as of January 1, 2013	**47,250**	**–1,157**
Currency translation differences	–	–
Items that may be reclassified to the income statement in future	–	–
Actuarial gains and losses of defined benefit pension plans	–	–
Gains/losses from financial assets at fair value through other comprehensive income/loss	–	–
Items that will not be reclassified to the income statement in future	–	–
Other comprehensive income/loss, net of tax	–	–
Net profit	–	–
Total comprehensive income/loss	–	–
Reclassification of prior year's net profit	–	–
Purchase of treasury stock	–	–
Sale of treasury stock	–	–
Dividend payments	–	–
Change in non-controlling interests	–	–
Other changes	–	–
Balance as of March 31, 2013	**47,250**	**–1,157**

attributable to the shareholders						
Capital reserve	Other reserves	Retained earnings	Shareholders' interests	Total	Non-controlling interests	Total equity
–104,602	**–27,093**	**136,738**	**31,610**	**82,746**	**13,268**	**96,014**
–	–	–3,740	–	–3,740	–229	–3,969
–104,602	**–27,093**	**132,998**	**31,610**	**79,006**	**13,039**	**92,045**
–	–1,307	–	–	–1,307	–24	–1,331
–	**–1,307**	**–**	**–**	**–1,307**	**–24**	**–1,331**
–	–	–490	–	–490	–47	–537
–	–	3,998	–	3,998	–	3,998
–	**–**	**3,508**	**–**	**3,508**	**–47**	**3,461**
–	**–1,307**	**3,508**	**–**	**2,201**	**–71**	**2,130**
–	–	–	7,611	7,611	23	7,634
–	**–1,307**	**3,508**	**7,611**	**9,812**	**–48**	**9,764**
–	–	31,610	–31,610	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–104,602	**–28,400**	**168,116**	**7,611**	**88,818**	**12,991**	**101,809**
–103,614	**–28,106**	**162,601**	**25,530**	**102,504**	**13,538**	**116,042**
–	–	–4,872	414	–4,458	–307	–4,765
–103,614	**–28,106**	**157,729**	**25,944**	**98,046**	**13,231**	**111,277**
–	1,245	–	–	1,245	18	1,263
–	**1,245**	**–**	**–**	**1,245**	**18**	**1,263**
–	–	–	–	–	–	–
–	–	2,888	–	2,888	–	2,888
–	**–**	**2,888**	**–**	**2,888**	**–**	**2,888**
–	**1,245**	**2,888**	**–**	**4,133**	**18**	**4,151**
–	–	–	1,826	1,826	371	2,197
–	**1,245**	**2,888**	**1,826**	**5,959**	**389**	**6,348**
–	–	25,944	–25,944	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–103,614	**–26,861**	**186,561**	**1,826**	**104,005**	**13,620**	**117,625**

CONSOLIDATED STATEMENT OF CASH FLOWS JANUARY 1 TO MARCH 31, 2013 (unaudited)

Highlight Communications AG, Pratteln

(TCHF)	Jan. 1 to Mar. 31, 2013	Jan. 1 to Mar. 31, 2012*
Net profit	2,197	7,634
Deferred taxes	–528	–2,195
Current taxes	652	3,265
Financial result (without currency result)	–458	528
Earnings from investments in associated companies and joint ventures	–5	–64
Amortization, depreciation and impairment on non-current assets	19,164	19,934
Gain (–)/loss (+) from disposal of non-current assets	5	–45
Other non-cash items	–114	–282
Increase (–)/decrease (+) in inventories, trade accounts receivable and other assets not classified to investing or financing activities	–9,018	–18,586
Decrease (–)/increase (+) in trade accounts payable and other liabilities not classified to investing or financing activities	11,101	11,980
Dividends received from associated companies and joint ventures	–	–
Interest paid	–709	–771
Interest received	318	79
Income taxes paid	–7,038	–1,468
Income taxes received	3,585	40
Cash flow from operating activities	**19,152**	**20,049**
Change in cash and cash equivalents due to acquisitions of companies/shares in companies, net	–	–
Payments for intangible assets	–211	–251
Payments for film assets	–18,213	–9,219
Payments for property, plant and equipment	–427	–979
Payments for financial assets	–	–22
Proceeds from disposals of intangible assets and film assets	–	–
Proceeds from disposals of property, plant and equipment	5	209
Proceeds from disposal of financial assets	–	–
Cash flow for investing activities	**–18,846**	**–10,262**
Payments for purchase of treasury stock	–	–
Payments for purchase of non-controlling interests	–	–
Repayment of current financial liabilities	–12,539	–
Proceeds from receipt of current financial liabilities	1,000	20,432
Dividend payments	–	–
Cash flow for/from financing activities	**–11,539**	**20,432**
Cash flow for/from the reporting period	**-11,233**	**30,219**
Cash and cash equivalents at the beginning of the reporting period	72,517	140,711
Change in cash and cash equivalents due to exchange rate movements	720	–2,152
Cash and cash equivalents at the end of the reporting period	62,004	168,778
Change in cash and cash equivalents	**–11,233**	**30,219**

** Adjusted due to the effects of applying IAS 19 rev., see changes in accounting principles under note 3.*

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF MARCH 31, 2013

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 May 14, 2013.

2. Accounting and valuation principles

The accompanying unaudited, condensed consolidated interim financial statements for the period from January 1, 2013 to March 31, 2013 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, 2012.

The accounting and valuation principles used in the consolidated financial statements as of December 31, 2012 remained consistent with those applied in the accompanying condensed consolidated interim financial statements except for the first-time adoption of amended or revised standards and interpretations explained below.

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 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 2012, notes to the consolidated financial statements, note 9.

3. Changes in accounting principles

The Group has applied the accounting standards IFRS 13 Fair Value Measurement, IFRS 7 Financial Instruments: Disclosures (amendment), IAS 1 Presentation of Financial Statements (amendment) and IAS 19 Employee Benefits (revised) since the start of fiscal year 2013.

IFRS 13 Fair Value Measurement

The objective of IFRS 13 is to standardize the calculation of fair value by prescribing a uniform definition and a transparent measurement hierarchy. Fair value is defined in IFRS 13 as the exit price. As far as possible, observable market parameters should be used to calculate fair value. For non-financial assets, the fair value is calculated on the basis of the highest and best use of the asset from the perspective of the market participants. In measuring financial and non-financial liabilities and an entity's own equity instruments, it is assumed that they are transferred to another market participant (new debtor). An exit scenario is assumed, with the risk of non-fulfillment included in the measurement. For financial assets and financial liabilities with offsetting positions in market risks or counterparty risks, the fair value can be measured on the basis of the net values if the control quantity is the net basis. IFRS 13 is to be applied prospectively.

The Group manages its current foreign currency forwards in hedge relationships on the basis of master agreements. In addition, the counterparty default risk and the entity's own default risk are also taken into account when measuring derivative financial instruments. The effects on the interim financial statements of applying IFRS 13 are not material, but they entail additional disclosures in the notes to the consolidated interim financial statements (see note 5).

IFRS 7 Financial Instruments: Disclosures (amendment)

When offsetting financial assets and financial liabilities, gross and net amounts from the offsetting in the accounts and other existing offsetting rights that do not meet the criteria for offsetting in the accounts must be shown in tabular format. The additions are to be applied retrospectively. This regulation does not apply in condensed interim financial statements unless important events lead to a disclosure requirement. No corresponding disclosures were made in the condensed interim financial statements.

IAS 1 Presentation of Financial Statements (amendment)

Under the IAS 1 amendment, other comprehensive income is divided into two categories – items that may be reclassified to the income statement in future and those that will not be – depending on whether or not the issue at hand will be posted in the income statement in future. This amendment – including adjustment of prior-year figures – only affects the presentation of other comprehensive income (OCI). It does not have any impact on the net assets, financial position and results of operations of the Highlight Group.

IAS 19 Employee Benefits (revised)

The Group has applied IAS 19, Employee Benefits (revised 2011, IAS 19 rev.) since January 1, 2013. The standard is to be applied retrospectively. The main changes for the Highlight Group in accounting for defined benefit plans concern the immediate recognition of actuarial gains and losses in other comprehensive income. Owing to retrospective application, all unrecognized, cumulative actuarial gains and losses by January 1, 2012 are transferred to retained earnings/loss carried forward in the opening statement of financial position as of January 1, 2012. Furthermore, the discount rate for pension obligations is used to calculate the net interest expense (basis: net liability). As a result, the expected return on plan assets is assumed to be the discount rate on which the measurement of pension obligations is based. The reporting of current service cost and net interest expense in operating earnings can be retained. The following tables show the effects of implementing the amendments. With regard to the consolidated statement of cash flows, the retrospective adjustment led only to movements within the cash flow from operating activities.

Consolidated balance sheet

(TCHF)	Dec. 31, 2012 before adjustment	adjustment	Dec. 31, 2012 after adjustment	Jan. 1, 2012 before adjustment	adjustment	Jan. 1, 2012 after adjustment
Assets						
Deferred tax assets	2,335	796	3,131	4,621	610	5,231
Equity and liabilities						
Retained earnings	162,601	–4,872	157,729	136,738	–3,740	132,998
Shareholders' interests	25,530	414	25,944	31,610	–	31,610
Equity attributable to shareholders	102,504	–4,458	98,046	82,746	–3,740	79,006
Non-controlling interests	13,538	–307	13,231	13,268	–229	13,039
Pension liabilities	4,115	5,561	9,676	4,275	4,579	8,854

Consolidated income statement

(TCHF)	before adjustment	adjustment	Jan. 1, to March 31, 2012 after adjustment
Social security, pension costs	–2,449	–86	–2,535
Deferred taxes	2,185	10	2,195
Net profit	**7,710**	**–76**	**7,634**
thereof shareholders' interests	7,686	–75	7,611
thereof non-controlling interests	24	–1	23
Earnings per share attributable to shareholders, basic (CHF)	0.17	–	0.17
Earnings per share attributable to shareholders, diluted (CHF)	0.17	–	0.17

Consolidated statement of comprehensive income/loss

(TCHF)	before adjustment	adjustment	Jan. 1, to March 31, 2012 after adjustment
Net profit	**7,710**	**–76**	**7,634**
Actuarial gains and losses of defined benefit pension plans	–	–537	–537
Items that will not be reclassified to the income statement in future	**3,998**	**–537**	**3,461**
Total comprehensive income/loss	**10,377**	**–613**	**9,764**
thereof shareholders' interests	10,377	–565	9,812
thereof non-controlling interests	–	–48	–48

The mandatory application of the following accounting standards and interpretations from January 1, 2013 did not result in any material changes in the consolidated interim financial statements:

IFRS 1 First-time Adoption of IFRS: Government Loans (amendment), IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, including the amendments to the transition regulations for IFRS 10 to 12 published in June 2012, amendments to IFRS (2009-2011 cycle), IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, IAS 27 Separate Financial Statements (amendment) and IAS 28 Investments in Associates and Joint Ventures (amendment).

The Highlight Group voluntarily waived the earlier adoption of the new or revised standards and interpretations, whose application is not yet mandatory for the 2013 fiscal year. For additional information, refer to the annual report 2012, notes to the consolidated financial statements, note 2.

4. Changes in scope of consolidation

There were no changes in the scope of consolidation in the reporting period.

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, from 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 2012, notes to the consolidated financial statements, note 7.

Fair value

Financial assets and liabilities measured at fair value are allocated to a three-level fair value hierarchy:

- Prices (unadjusted) quoted on active markets for identical assets or liabilities (level 1)
- Input data that can be observed either directly (as prices) or indirectly (derived from prices) for the asset or liability that do not constitute quoted prices under level 1 (level 2)
- Information not based on observable market data (non-observable input data) (level 3)

The table below shows the allocation of financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy:

March 31, 2013 (TCHF)		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivative financial instruments	FVPL/without category	–	3,455	–	3,455
Other assets (underlying transactions in hedging relationships in accordance with IAS 39)	without category	–	690	–	690
Financial assets at fair value through profit or loss	FVPL	251	–	2,579	2,830
Financial assets (equity instruments)	FVOCI	16,540	–	–	16,540
Financial liabilities measured at fair value					
Financial liabilities with hedging relationships in accordance with IAS 39	without category	–	468	–	468
Derivative financial instruments	FLPL/without category	–	234	–	234
Other liabilities (underlying transactions in hedging relationships in accordance with IAS 39)	without category	–	1,516	–	1,516

December 31, 2012 (TCHF)		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value					
Derivative financial instruments	FVPL/without category	–	1,690	–	1,690
Other assets (underlying transactions in hedging relationships in accordance with IAS 39)	without category	–	250	–	250
Financial assets at fair value through profit or loss	FVPL	249	–	2,534	2,783
Financial assets (equity instruments)	FVOCI	13,652	–	–	13,652
Financial liabilities measured at fair value					
Financial liabilities with hedging relationships in accordance with IAS 39	without category	–	231	–	231
Derivative financial instruments	FLPL/without category	–	413	–	413
Other liabilities (underlying transactions in hedging relationships in accordance with IAS 39)	without category	–	1,187	–	1,187

Disclosures on level 3 financial instruments:

Designation of the financial instrument	Preference shares
Fair value as of January 1, 2013	2,534
Currency translation differences through equity	45
Acquisition	–
Sale	–
Fair value as of March 31, 2013	**2,579**

The financial assets measured at fair value through profit or loss and included in level 1 are measured using stock prices. The derivative financial instruments in level 2 are measured at current market rates, taking into account counterparty default risks. A discounted cash flow method was used to determine the fair value of level 2 financial instruments. The change in the fair value of the financial assets shown in level 3 is due to currency translation effects in the amount of TCHF 45.

There were no reclassifications between the individual levels of the fair value hierarchy. Compared with December 31, 2012, there were no material changes in the relations between carrying amount and fair value of financial assets and liabilities.

6. Explanatory notes to selected items of the balance sheet and the income statement

Total assets amounted to TCHF 422,686 as of March 31, 2013 after TCHF 421,901 as of December 31, 2012. While non-current assets increased by TCHF 2,276, particularly due to a rise in in-house productions, current assets declined by a total of TCHF 1,491 as of March 31, 2013. This decrease primarily resulted from a reduction of TCHF 10,513 in cash and cash equivalents. This was partly offset by trade accounts receivable and other receivables, which climbed from TCHF 115,363 to TCHF 123,867. On the liabilities side, non-current liabilities decreased by TCHF 722 and current liabilities by TCHF 4,841. In addition, equity increased by TCHF 6,348 to TCHF 117,625.

As of March 31, 2013, film assets increased by TCHF 1,043 compared to December 31, 2012. In-house productions increased by TCHF 3,837, while third-party productions declined by a total of TCHF 2,794. This decrease was due mainly to higher amortization and impairment compared to investments in film assets.

Compared with December 31, 2012, current receivables showed a date-related rise of TCHF 9,146. This was due to the TCHF 8,504 increase in trade accounts receivable and other receivables and the TCHF 742 increase in receivables due from associated companies and joint ventures. In contrast, receivables due from related parties declined by a total of TCHF 100.

Other current financial assets increased by TCHF 1,922 to TCHF 19,119 primarily due to the increase in 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 decreased from TCHF 72,517 to TCHF 62,004 as of March 31, 2013. Financing activities resulted in a cash outflow of TCHF 11,539, due mainly to the repayment of financial liabilities. The Group's investing activities used cash of TCHF 18,846, which was due essentially to payments for film assets. Operating activities had a positive cash flow of TCHF 19,152.

Equity rose by TCHF 6,348 from TCHF 111,277 to TCHF 117,625 as of March 31, 2013. One of the reasons for this increase was the net profit for the period of TCHF 2,197. A further positive effect of TCHF 2,888 resulted from the growth in the value of the shares in Constantin Medien recognized in retained earnings. The increase in other reserves of TCHF 1,245 results from the translation of the equity of companies that do not use the Swiss franc as their functional currency.

While non-current liabilities remained virtually unchanged compared with the end of 2012 at TCHF 722, current liabilities decreased by a total of TCHF 4,841. Financial liabilities fell by TCHF 10,718 to TCHF 125,316. At the same time, trade accounts payable and other liabilities increased by TCHF 11,541.

Sales in the first three months of 2013 amounted to TCHF 81,929, after TCHF 86,754 in the same period of 2012. Sales in the Sports- and Event-Marketing segment declined by TCHF 9,315, whereas the Film segment's sales rose by TCHF 4,212. Capitalized film production costs and other own work capitalized increased by TCHF 5,720 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 quarter of 2012.

Cost of materials and licenses climbed by TCHF 10,759 year-on-year. The increase was chiefly a result of higher production volumes in the Film segment.

Personnel expenses amounted to TCHF 23,468 in the reporting period and were thus roughly at the previous year's level.

Amortization, depreciation and impairment on film assets as well as intangible assets and property, plant and equipment totaling TCHF 19,164 (previous year's period: TCHF 19,934) include TCHF 17,305 in amortization and depreciation (previous year's period: TCHF 19,121) and impairment of TCHF 1,859 (previous year's period: TCHF 813), which relates in full to film assets.

The unrecognized pro rata loss of companies accounted for using the equity method was TCHF 477 in the period under review (previous year's period: TCHF 174). The cumulative unrecognized pro rata loss was TCHF 1,562 (December 31, 2012: TCHF 1,085).

The financial result of the first quarter of 2013 increased by a total of TCHF 2,116 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 509 in the reporting period (previous year's period: TCHF 343). 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).

7. Explanatory notes to equity

As of March 31, 2013, the balance of directly and indirectly held non-voting treasury shares amounted to 1,156,567 Highlight Communications AG shares (December 31, 2012: 1,156,567). Highlight Communications AG did not buy or sell any treasury shares in the first three months of the period under review.

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

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

Segment information January 1 to March 31, 2013

(TCHF)	Film	Sports- and Event-Marketing	Other Business Activities	Other	Recon-ciliation	Group
External sales	68,561	12,470	898	–	–	81,929
Other segment income	20,345	26	257	–	-242	20,386
Segment expenses	-90,255	-7,525	-1,669	-1,528	242	-100,735
thereof depreciation, amortization	*-16,703*	*-259*	*-343*	–	–	*-17,305*
thereof impairment	*-1,859*	–	–	–	–	*-1,859*
Segment result	**-1,349**	**4,971**	**-514**	**-1,528**	–	**1,580**
Non-allocable items:						
Earnings from investments in associated companies and joint ventures						5
Financial income						2,266
Financial expenses						-1,530
Profit before taxes						**2,321**

Segment information January 1 to March 31, 2012*

(TCHF)	Film	Sports- and Event-Marketing	Other Business Activities	Other	Recon-ciliation	Group
External sales	64,349	21,785	620	–	–	86,754
Other segment income	16,990	426	252	–	-252	17,416
Segment expenses	-79,827	-11,697	-1,498	-1,380	252	-94,150
thereof depreciation, amortization	*-18,622*	*-237*	*-262*	–	–	*-19,121*
thereof impairment	*-813*	–	–	–	–	*-813*
Segment result	**1,512**	**10,514**	**-626**	**-1,380**	–	**10,020**
Non-allocable items:						
Earnings from investments in associated companies and joint ventures						64
Financial income						966
Financial expenses						-2,346
Profit before taxes						**8,704**

** Adjusted due to the effects of applying IAS 19 rev., see changes in accounting principles under note 3.*

9. Financial commitments, contingent liabilities and other financial obligations

Compared to the consolidated financial statements as of December 31, 2012, financial commitments, contingent liabilities and other financial obligations declined by TCHF 3,529 to TCHF 43,815 as of March 31, 2013.

10. 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 March 31, 2013, there were current receivables of TCHF 2 (December 31, 2012: TCHF 62) due from Constantin Medien AG. The income generated in the reporting period amounted to TCHF 1 (previous year's period: TCHF 1). The expenses incurred in the period under review with Constantin Medien AG of TCHF 20 (previous year's period: TCHF 12) relate essentially to the allocation of Group-wide functions such as the Berlin offices of the Constantin Medien Group and other internal allocations. There were liabilities of TCHF 139 on March 31, 2013 (December 31, 2012: TCHF 138).

In the reporting period, revenue of TCHF 44 (previous year's period: TCHF 175) was generated with SPORT1 Gaming I GmbH and SPORT1 Gaming II GmbH, both indirect, wholly owned subsidiaries of Constantin Medien AG. As of March 31, 2013, there were neither receivables nor liabilities (December 31, 2012: receivables of TCHF 35).

In the reporting period, other income of TCHF 50 (previous year's period: TCHF 0) was generated and expenses of TCHF 0 (previous year's period: TCHF 0) were incurred with SPORT1 GmbH, an indirect, wholly owned subsidiary of Constantin Medien AG. There were no liabilities as of March 31, 2013 (December 31, 2011: TCHF 2). As in the previous year, there were no receivables as of March 31, 2013.

Expenses incurred with Plazamedia GmbH TV- & Film-Produktion, an indirect, wholly owned subsidiary of Constantin Medien AG, amounted to TCHF 131 in the first three months of 2013 (previous year's period: TCHF 138) in connection with production of TV series. There were liabilities totaling TCHF 153 as of March 31, 2013 (December 31, 2012: TCHF 41).

In the reporting period, no expenses were incurred (previous year's period: TCHF 7) and no income was generated (previous year's period: TCHF 0) with Plazamedia Swiss AG, an indirect, wholly owned subsidiary of Constantin Medien AG. As of March 31, 2013, there were neither receivables nor liabilities (December 31, 2012: receivables of TCHF 5).

The Highlight Group's sales and other income of TCHF 2,256 in the reporting period (previous year's period: TCHF 2,521) realized with PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH related essentially to the service production "Dahoam is Dahoam". Revenues from recharges were offset by expenses of TCHF 2,157 (previous year's period: TCHF 2,316). There were also miscellaneous expenses totaling TCHF 59 (previous year's period: TCHF 0). As of March 31, 2013, there were receivables of TCHF 6 (December 31, 2012: TCHF 0) and liabilities of TCHF 995 (December 31, 2012: TCHF 1,002).

Income of TCHF 16 (previous year's period: TCHF 0) and expenses totaling TCHF 147 (previous year's period: TCHF 0) were generated with Mister Smith Entertainment Ltd. in the reporting period. As of March 31, 2013, there were receivables of TCHF 2,120 (December 31, 2012: TCHF 1,399) and liabilities of TCHF 480 (December 31, 2012: TCHF 342).

No expenses were incurred with NEF-Production S.A.S. in the reporting period (previous year's period: TCHF 114). The outstanding receivables of TCHF 1,942 (December 31, 2012: TCHF 1,927) from the co-production "The Three Musketeers" were recognized and deducted from cost.

Income of TCHF 0 (previous year's period: TCHF 179) and expenses of TCHF 43 (previous year's period: TCHF 0) were generated with Kuuluu Interactive Entertainment AG in the reporting period. As of March 31, 2013, there were non-current receivables of TCHF 3,991 (December 31, 2012: TCHF 3,294) and current liabilities of TCHF 43 (December 31, 2012: TCHF 0). There were no additional impairment losses on non-current receivables in the reporting period (December 31, 2012: TCHF 1,300).

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

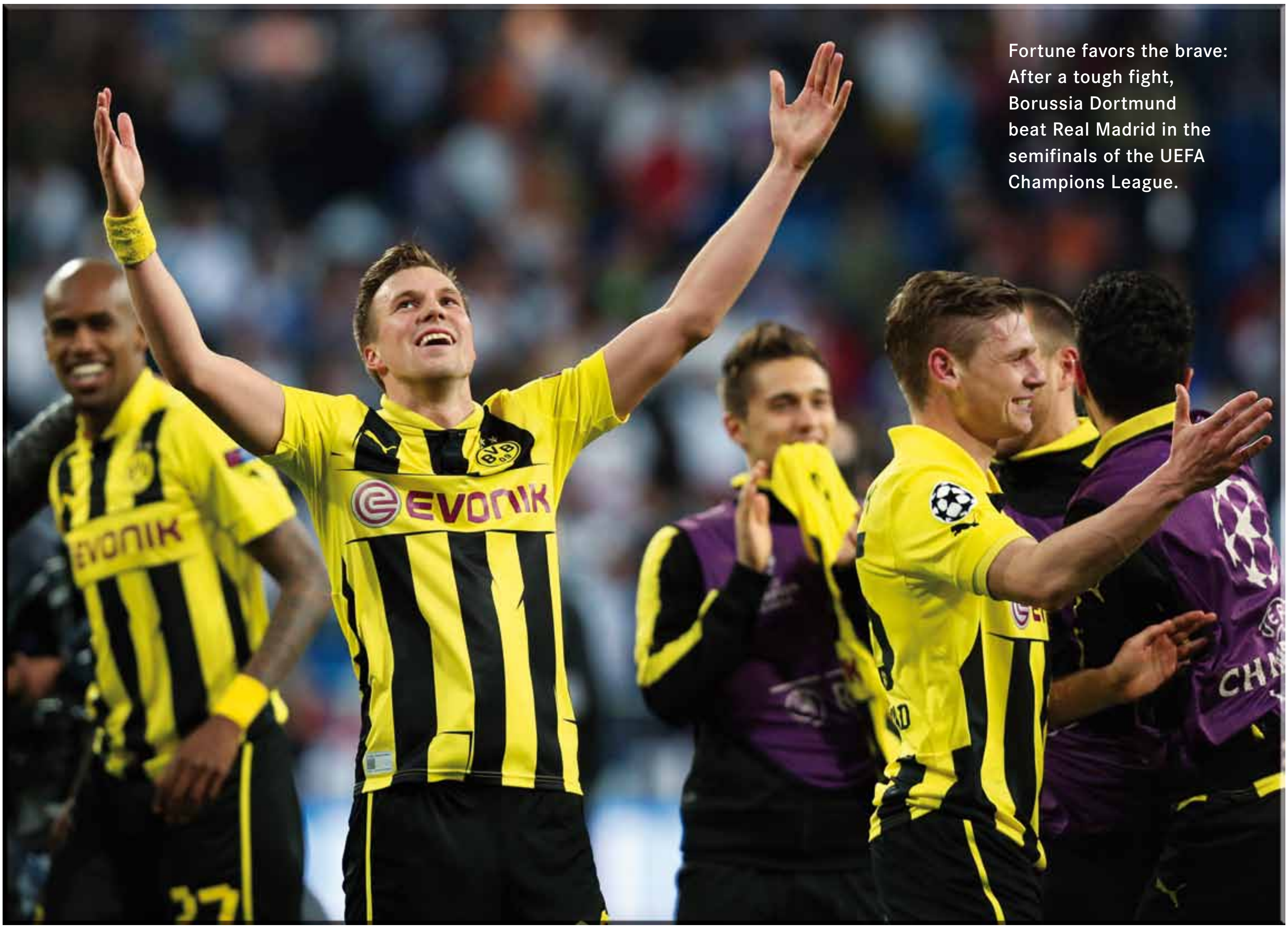
Highlight Communications AG did not perform significant services for companies controlled by related parties in the reporting period or in the previous year's period.

There was a consulting agreement in place between the Highlight Group and Fred Kogel GmbH during the reporting period, which resulted in expenses of TCHF 92 in the first three months of 2013 (previous year's period: TCHF 91). This agreement runs until December 31, 2013. It covers license trading, TV service production and film distribution. The associated liabilities amounted to TCHF 30 as of March 31, 2013 (December 31, 2012: TCHF 28).

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

11. 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.



Fortune favors the brave: After a tough fight, Borussia Dortmund beat Real Madrid in the semifinals of the UEFA Champions League.

Imprint

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Masterful performance:
In the second semifinal,
FC Bayern München won both
the home and the away game
against FC Barcelona.

Events 2013

Cinema

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

Football

UEFA Europa League final	May 15
UEFA Champions League final	May 25

Music

Eurovision Song Contest, semifinals	May 14 and 16
Eurovision Song Contest, final	May 18
Vienna Philharmonic's Summer Night Concert	May 30

Investor Relations

Interim reports	August/November
Annual General Meeting	May 31
German Equity Forum	November 11 – 13

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