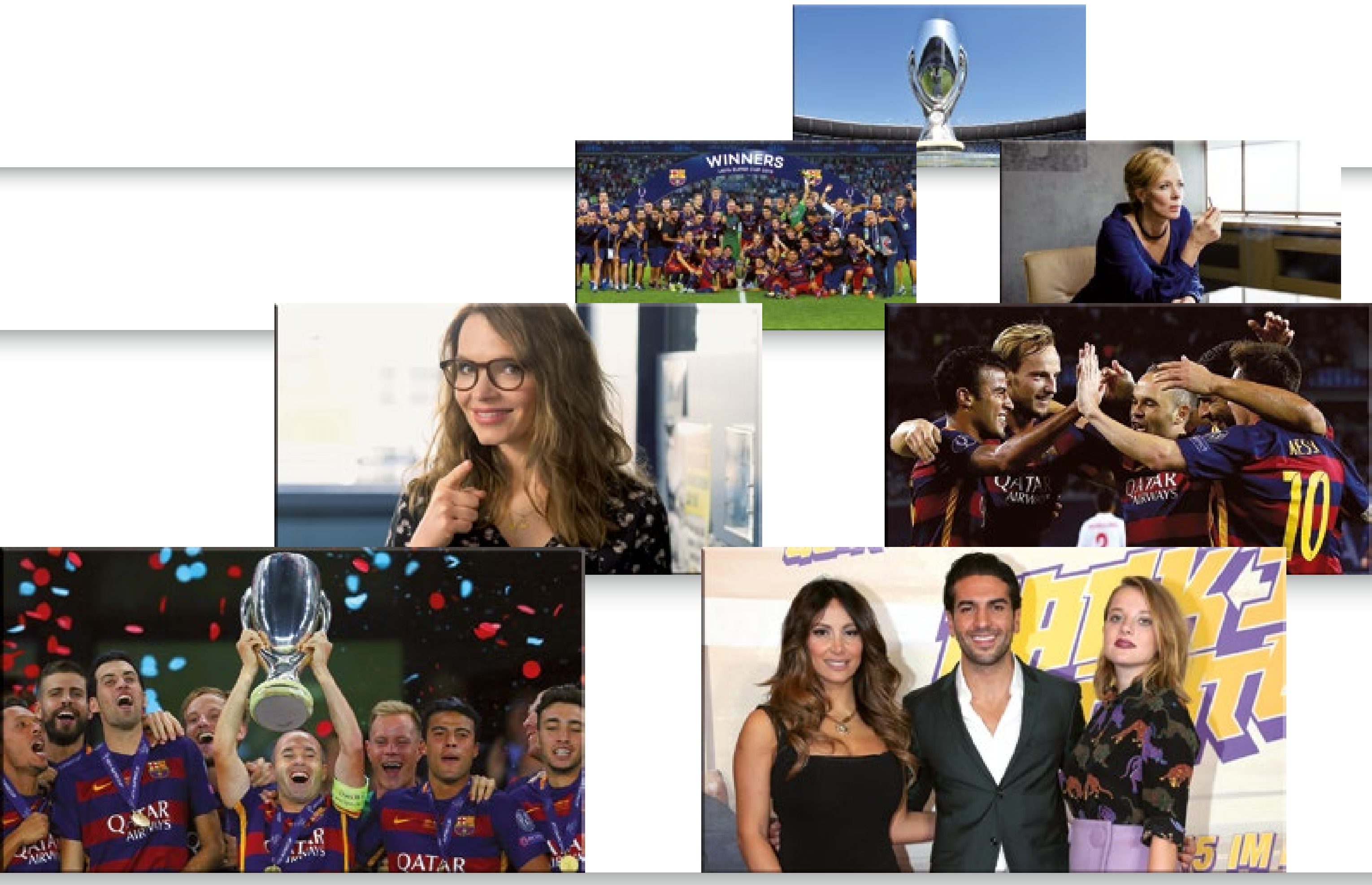
Highlight

Highlight Communications AG

Interim Report
as of September 30, 2015



Magic moment: Following their triumph in the UEFA Champions League, FC Barcelona also went on to take the UEFA Super Cup in a dramatic final.

At a glance: Events in the third quarter of 2015

JULY Filming on the comedy thriller "Schweinskopf al dente" is completed at the end of July 2015. This third movie based on the bestselling books by Rita Falk about the country policeman Franz Eberhofer is expected to be released in mid-August 2016. The first two installments – "Dampfnudelblues" and "Winterkartoffelknödel" – were each seen by more than half a million moviegoers in (predominantly) Bavarian theaters.

AUGUST Highlight Communications AG and Paramount Home Media Distribution continue their long-standing and successful collaboration by signing a five-year contract for the joint distribution of DVDs and Blu-rays in German-speaking territories, to begin in 2016.

SEPTEMBER "Fack Ju Göhte 2" hits German theaters on September 10, 2015 and is seen by more than two million people in its opening weekend alone. At the end of September, the Constantin Film comedy has already drawn an audience of nearly 5.5 million.

Members of the Highlight Group

Constantin Film · RAINBOW HOME ENTERTAINMENT · TEAM MARKETING · HIGHLIGHT EVENT & ENTERTAINMENT

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PREFACE

Dear shareholders and other interested parties,

As anticipated, the third quarter of 2015 was the quarter with the highest sales and earnings so far in the current fiscal year.

A key contribution to this was made by the highly successful theatrical release of the Constantin Film own production “Fack Ju Göhte 2” on September 10. It was seen by more than two million people in its opening weekend alone – a figure only achieved by eight other movies before. By the end of September, “Fack Ju Göhte 2” had already been seen by approximately 5.5 million people. To date, the sequel has now been watched by 7.4 million moviegoers – already more than its predecessor. In terms of revenues, it ranks second among the most successful German productions of all time.

Out of the eight movies released by the Constantin Film Group in German theaters in the period from January to September 2015, one in two drew an audience of more than a million people. This performance put the Constantin Film Group in a respectable third place in distributor rankings – for both moviegoers and revenues – behind the major studios Universal and Warner.

In the home entertainment business area, we continued our success with further attractive new releases under the Constantin Film label. In the third quarter of 2015, there were above all good sales figures for the Sönke Wortmann comedy “Frau Müller muss weg!”, which means that we – together with our distribution partner Paramount Home Entertainment – garnered a market share of 8 % on the German video sell-through market.

The TEAM Group continued to close good deals in the marketing process for the commercial rights for the 2015/16 to 2017/18 seasons of the UEFA Champions League and the UEFA Europa League.

As a result of these positive developments, consolidated sales in the first nine months of the current year amounted to CHF 231.1 million. The decline of CHF 81.1 million as against the figure for the same period of 2014 (CHF 312.2 million) mainly results from the fact that high income was generated from global minimum guarantees in the previous year, while no international Constantin Film own production was released this year.

By contrast, capitalized film production costs and other own work capitalized increased by CHF 12.5 million to CHF 45.7 million, while consolidated operating expenses fell by CHF 70.1 million to CHF 270.1 million – as a result in particular of lower amortization and impairment on film assets. EBIT therefore improved from CHF 19.3 million to CHF 23.0 million and the EBIT margin from 6.2 % to 10.0 %.

The consolidated net profit of CHF 11.6 million was CHF 1.3 million higher than the figure for the first nine months of the previous year (CHF 10.3 million), and the share of Highlight shareholders was CHF 11.9 million (previous year's period: CHF 9.6 million). Based on the number of shares in circulation, earnings per share amounted to CHF 0.27 (previous year's period: CHF 0.21).

The fact that the EBIT increase was not fully reflected in consolidated net profit was due firstly to higher tax expenses and secondly to the financial result, which was CHF 1.5 million lower than in the first nine months of the previous year due to currency effects.

The Film segment generated external sales of CHF 191.0 million, a decrease of CHF 81.4 million as against the previous year's figure (CHF 272.4 million). Other income was up by CHF 11.5 million at CHF 58.7 million, while segment expenses decreased significantly by CHF 72.0 million to CHF 238.3 million. As a result of these developments, segment earnings rose by 22.6 % to CHF 11.4 million (previous year's period: CHF 9.3 million).

At CHF 37.3 million, external sales in the Sports- and Event-Marketing segment were slightly higher year-on-year (CHF 37.1 million). Other income was up by CHF 3.6 million at CHF 3.9 million, and segment expenses climbed by CHF 3.1 million to CHF 24.8 million. Accordingly, segment earnings improved by 4.5 % to CHF 16.4 million (previous year's period: CHF 15.7 million).

The Other Business Activities segment generated external sales of CHF 2.8 million (previous year's period: CHF 2.7 million) and other income of CHF 0.1 million (previous year's period: CHF 0.5 million). Expenses were reduced by CHF 1.3 million to CHF 3.6 million, as a result of which the segment loss was cut significantly by 58.8 % to CHF 0.7 million (previous year's period: CHF 1.7 million).

In the current fourth quarter, we are forecasting that the positive business performance will continue, and therefore adjusted our earnings forecast for 2015 as a whole in an ad-hoc disclosure on October 30, 2015. Assuming that currency exchange rates remain almost stable, we currently expect to generate a consolidated net profit attributable to shareholders of between CHF 16 million and CHF 18 million with earnings per share of between CHF 0.36 and CHF 0.40. We are standing by our previous sales forecast and continue to anticipate consolidated sales in a range of CHF 310 million to CHF 330 million.

HIGHLIGHT STOCK

Development of the capital markets

After the setbacks in the second quarter, the uncertainty on the global stock markets increased further in the period from July to September 2015. The debt dispute between Greece and its creditors also had a negative impact at the beginning of the third quarter. Although the agreement reached by the parties involved did bring about a temporary recovery in share prices, this was followed in mid-August by another, very significant downward correction. This development was triggered by a genuine slump on the Chinese mainland stock exchanges, which fueled fears of an economic downturn in the “Middle Kingdom”. In September, revelations of emissions data manipulation by the Volkswagen Group resulted in another sharp fall in prices that affected mainly the European stock markets.

In this market environment, the Dow Jones Industrial Average Index closed trading at 16,049 points on September 30, 2015 – representing a decline of 8.9 % in the third quarter and of 10.0 % since the start of the year. The Japanese Nikkei 225, which had posted an impressive increase of 16.0 % in the first half of 2015, shed all of this growth again in the period from July to September and closed at 17,388 points. This corresponds to a slight decrease of 0.4 % over the first nine months of the year.

The same applies to the DAX, which recorded a decline of 11.7 % in the third quarter (down 1.5 % since the beginning of the year) with a closing quotation of 9,660 points. This was the German benchmark index’ biggest three-month loss for four years. Although the small-cap index SDAX, which closed at 8,310 points, fell by 3.2 % in the period from July to September, it was a clear winner over the first nine months of this year with an increase of 15.6 %. The index for German media stocks (DAXsector Media) put in an even better performance, ending the third quarter virtually unchanged at 420 points and thus rising by 20.2 % since the start of the year.

The Swiss Market Index (SMI) closed at 8,513 points, corresponding to a decrease of 3.1 % in the third quarter and of 5.2 % since the beginning of the year. This decline was due primarily to the cyclical companies listed in the SMI, but the shares of insurance firms and major banks such as the UBS Group and Credit Suisse also recorded significant decreases.

Performance of Highlight stock in the third quarter of 2015

The performance of Highlight stock was characterized by a high degree of volatility in the third quarter of 2015. Having begun the quarter under review at its half-year closing price of EUR 4.60, Highlight’s stock recorded a general downward trend for the whole of July, fluctuating within a corridor of between EUR 4.54 and EUR 4.25. A steep ascent then set in over the first two weeks of August, bringing the share price to a peak of EUR 4.62.

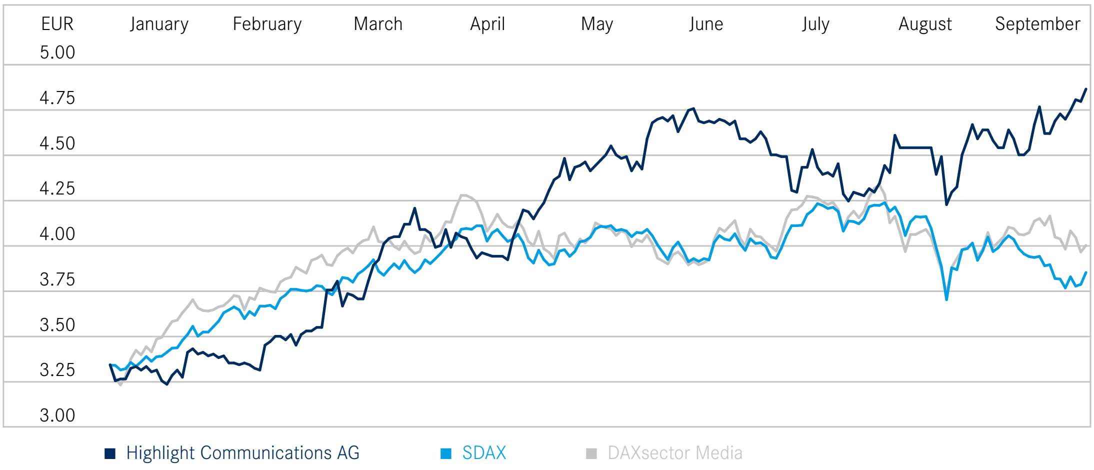
Owing to the generally weak market, which Highlight’s stock was also unable to escape, the share price fell back to EUR 4.23 by the end of August. The whole of September was then characterized by a sharp upward trend that brought the share price to its highest level for the year so far of EUR 4.88 at the end of the month. Highlight’s stock thus significantly outperformed the benchmark indices SDAX and DAXsector Media both in the period from July to September 2015 (up 6.1 %) and since the start of the year (up 46.6 %).

As of the end of the third quarter, the 52-week high was EUR 4.88 (September 30, 2015), while the 52-week low was EUR 2.97 (October 29, 2014).

In the period from July to September 2015, around 1.12 million Highlight shares were traded on Deutsche Börse AG’s Xetra trading system, an increase of 0.41 million as against the same period of the previous year (around 0.71 million). In line with this, the average turnover per trading day rose from 11,040 shares to 17,020. This also applies to the nine-month period, during which the trading volume increased significantly by 23 % from 3.18 million shares (around 16,830 per trading day) to just under 3.91 million (around 20,660 per trading day). In Deutsche Börse AG’s corresponding ranking for the segments below the DAX, Highlight shares were therefore placed 126th as of September 30, 2015 (June 30, 2015: 126th). They ranked 117th (June 30, 2015: 115th) in terms of free float market capitalization.

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

Indices indexed at Highlight closing price as of December 31, 2014 for comparison.



Subscribed capital and shareholder structure

There were no changes in the subscribed capital of Highlight Communications AG in the third quarter of 2015. As of September 30, it still amounted to CHF 47.25 million, divided into 47.25 million bearer shares with a nominal value of CHF 1.00 per share. There were no treasury stock transactions in the reporting period, and therefore the number of non-voting treasury shares was still around 2.82 million as of the end of the quarter. These account for 5.96 % of the subscribed capital. After deducting these shares, there were 44.43 million shares in circulation.

52.39 % of Highlight's shares are still held by Constantin Medien AG. Further significant share packages are held by members of the Board of Directors as well as private and institutional investors. As of September 30, 2015, the free float amounted to 41.65 % as per Deutsche Börse AG's index weighting.

Investor relations activities

From the start, the Highlight Group's strategy has been focused on sustainably increasing enterprise value. Ongoing and 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 help them to assess our current business situation and the future prospects of the Highlight Group. In addition, we conduct roadshows and presentations at key financial centers.

However, our website (www.highlight-communications.ch) is still the main information tool for all interested parties. 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 press releases and ad-hoc disclosures, as well as our annual and interim reports, which can either be read online or requested from us in printed form free of charge at any time. The dates for the most important publications and events have been clearly compiled in our financial calendar.

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

Oddo Seydler	Rating: Buy	Price target: EUR 5.50
DZ BANK	Rating: Buy	Price target: EUR 5.80

Information on Highlight stock as of September 30, 2015

ISIN/ticker	CH 000 653 9198/HLG
Index	DAXsector Media
Closing price	EUR 4.88
52-week high	EUR 4.88
52-week low	EUR 2.97
Subscribed capital	CHF 47.25 million
Shares in circulation	44.43 million
Market capitalization (in relation to shares in circulation)	EUR 216.8 million

Directors' dealings/shareholdings of executive bodies as of September 30, 2015

In the third quarter of 2015, Highlight Communications AG received no notifications from members of the Board of Directors or the Group management regarding acquisition or sales transactions subject to reporting.

As of September 30, 2015, both the Chairman and Delegate of the Board of Directors Bernhard Burgener and the Board of Directors members René Camenzind and Dr. Dieter Hahn each held direct or indirect shareholdings in Highlight 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 Group management (including related parties) were as follows as of the end of the period under review:

Board of Directors	Shareholdings	Share interest from options
Bernhard Burgener, Chairman and Delegate, executive member	2,200,000	–
Hanns Beese, non-executive member	2,500	–
René Camenzind, non-executive member	628,715	–
Dr. Dieter Hahn, non-executive member	1,499,802	–
Martin Hellstern, non-executive member	200,000	–
Peter von Büren, executive member	–	–

Group management		
Dr. Paul Graf, Managing Director	50,000	–

INTERIM MANAGEMENT REPORT

BASIC INFORMATION ON THE GROUP

Highlight Communications AG, listed on the Frankfurt stock exchange since May 1999, is an internationally oriented strategic and financial holding company based in Pratteln near Basel. It acts through its operational subsidiaries in the Film, Sports- and Event-Marketing and Other Business Activities segments.

Highlight Communications AG's Board of Directors is responsible for the strategic orientation and management of the Highlight Group. It currently consists of the two executive members Bernhard Burgener (Chairman and Delegate) and Peter von Büren (CFO), plus the four non-executive members Hanns Beese, René Camenzind, Dr. Dieter Hahn, and Martin Hellstern.

As of September 30, 2015, Group structure, operating activities, main sources of financing, control system and performance indicators, legal influencing factors as well as market research and development correspond to the presentation provided in the report on the Highlight Group's situation in the annual report 2014 (see annual report 2014, page 40 f.) or the details given in the interim management reports as of March 31, 2015 and June 30, 2015, respectively.

REPORT ON BUSINESS PERFORMANCE AND THE SITUATION IN THE FILM SEGMENT

Sector-specific situation

Theatrical distribution

The German movie theater market continued its hot streak of the first half of 2015 without missing a step in the period from July to September. With revenues of EUR 234 million for the three-month period, the industry had its best result for a third quarter since 2011 (roughly EUR 238 million). At EUR 757 million, revenues were up 16.9 % year-on-year in the first nine months (same period of 2014: EUR 648 million), while audience figures climbed by 15.1 % to 91 million (same period of 2014: 79 million). Both of these figures are records for the last five years.

Home entertainment

The German home entertainment industry generated total revenues of EUR 903 million in the first eight months of the current year*), down 3.8 % on the figure for the same period of the previous year (EUR 939 million). The decline is due to sales and rentals of physical media (DVD and Blu-ray). Revenues of EUR 789 million were generated here in the period from January to August 2015 – 7.0 % less than in the same period of the previous year (EUR 848 million). By contrast, digital exploitation (electronic sell-through, transactional video-on-demand) is still on the rise, growing by a total of 25.3 % to EUR 114 million (same period of 2014: EUR 91 million). However, this did not offset the decline in revenues of physical media.

**) Data for the first nine months of 2015 were not yet available at the editorial closing date.*

Operational development

Multiple movie productions underway

At the start of September 2015, filming began on the international Constantin Film own production "Resident Evil 6" with Milla Jovovich in the leading role. The third quarter also saw the start of principal photography for the feature film "Timm Thaler".

Extraordinarily good theatrical performance by "Fack Ju Göhte 2"

The Constantin Film Group released two movies in German theaters in the third quarter of 2015. A hot favorite among audiences was "Fack Ju Göhte 2" while the licensed title "Fantastic Four" fell well short of expectations.

Successful new home entertainment releases

The Highlight Group's releases in the reporting period included the Constantin Film co-productions "Frau Müller muss weg!" and "The Famous Five 4". "Frau Müller muss weg!" went straight to a top slot on the German charts.

Major license launches in license trading/TV exploitation

Among others, the free-TV license for the theatrical movie "Ostwind" (ZDF) began in the third quarter of 2015; pay-TV saw the start of the movies "The Famous Five 3" (Disney) and "Pompeii" (Sky).

Material TV service productions

Constantin Entertainment GmbH produced three SAT.1 dailies (including "Schicksale") and the RTL daily "Verdachtsfälle Spezial – Verbrechen aus Leidenschaft" in the third quarter of 2015. Moovie GmbH began shooting on the SAT.1 TV movie "Die Hebamme 2" in the reporting period. In the middle of August, Rat Pack Filmproduktion GmbH started filming on the three-parter "Winnetou". Internationally, filming continued on the TV series "Shadowhunters" (13 episodes of 50 minutes each) for the US broadcaster ABC Family.

Analysis of non-financial performance indicators

Four out of eight Constantin theatrical movies seen by millions; "Fack Ju Göhte 2" heading for new records

The Bora Dagtekin comedy "Fack Ju Göhte 2" was seen by more than two million people in its first weekend, a feat achieved by only eight other movies before. Moreover, with box office takings of more than EUR 17.7 million, "Fack Ju Göhte 2" had the most successful launch ever for a German movie production in terms of revenues. As of the end of the third quarter, it had already drawn an audience of nearly 5.5 million. After "Frau Müller muss weg!", "The Famous Five 4" and "Ostwind 2", this means that already four Constantin Film own and co-productions have crossed the one-million moviegoer mark by the end of the third quarter.

Slight dip in market share on German video sell-through market

In the period from January to August 2015*), the Highlight Group achieved a market share of 8 % (previous year's period: 10 %) on the German video sell-through market with its distribution partner Paramount Home Entertainment.

**) Data for the first nine months of 2015 were not yet available at the editorial closing date.*

TV exploitation still at good level

As in the first half of 2015, productions by Constantin Film subsidiaries again achieved good market shares – in some cases well above 10 % – in license trading/TV exploitation in the months July to September, and expectations were met.

REPORT ON BUSINESS PERFORMANCE AND THE SITUATION IN THE SPORTS- AND EVENT-MARKETING SEGMENT

Sector-specific situation

The trend towards premium sports properties commanding increasingly high rights fees continues, as exemplified by the Rugby World Cup 2015.

Operational development

Successful contract negotiations for TV and sponsorship rights

The TEAM Group continued to close good deals in the marketing process for the commercial rights for the 2015/16 to 2017/18 seasons of the UEFA Champions League and the UEFA Europa League.

Analysis of non-financial performance indicators

Record audience for UEFA Super Cup broadcast

The Spain-on-Spain UEFA Super Cup match, which was played in Tiflis on August 11, was broadcast in more than 90 countries and was seen by a total audience of more than 45 million people – a record for this event.

REPORT ON BUSINESS PERFORMANCE AND THE SITUATION IN THE OTHER BUSINESS ACTIVITIES SEGMENT

Sector-specific situation

There has been no significant change in the sector-specific situation for the Other Business Activities segment since the presentation in the report on the Highlight Group's situation in the annual report 2014.

Operational development

Intensive activities in sales process for the 2016 New Year's Day Concert

In the third quarter of 2015, Highlight Event AG focused in particular on the organizational preparations for the 2016 New Year's Day Concert by the Vienna Philharmonic Orchestra.

RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL SITUATION OF THE HIGHLIGHT GROUP

Results of Group operations

In the period from January to September 2015, the Highlight Group generated consolidated sales of CHF 231.1 million – a decrease of CHF 81.1 million or 26.0% as against the same period of the previous year (CHF 312.2 million), which is attributable to the Film segment. Capitalized film production costs and other own work capitalized increased by CHF 12.5 million to CHF 45.7 million (previous year's period: CHF 33.2 million), with the result that the Group's total output was CHF 276.8 million (previous year's period: CHF 345.4 million). Other operating income increased by CHF 2.2 million as against the first nine months of the previous year (CHF 14.1 million) to CHF 16.3 million.

Consolidated operating expenses amounted to CHF 270.1 million, a decrease of CHF 70.1 million or 20.6% as against the same period of the previous year (CHF 340.2 million). This decline is primarily due to amortization, depreciation and impairment, which were CHF 57.3 million lower than in the previous year's period (CHF 102.9 million) at CHF 45.6 million. The cost of materials and licenses fell by CHF 10.7 million to CHF 105.9 million (previous year's period: CHF 116.6 million), and other operating expenses were reduced by CHF 5.0 million to CHF 43.8 million. In contrast, personnel expenses posted a slight increase of CHF 2.8 million to CHF 74.8 million.

These developments resulted in an improvement in EBIT of CHF 3.7 million or 19.2% to CHF 23.0 million (previous year's period: CHF 19.3 million). The EBIT margin for the first nine months of 2015 was therefore 10.0% (previous year's period: 6.2%).

Earnings from investments in associated companies and joint ventures improved from CHF 0.2 million to CHF 0.8 million, while the financial result – chiefly because of currency effects – declined by CHF 1.5 million to CHF –6.7 million (previous year's period: CHF –5.2 million). This was due to declines both in financial income (by CHF 6.7 million to CHF 1.7 million) and in financial expenses (by CHF 5.2 million to CHF 8.4 million).

After deducting tax expenses (income taxes and deferred taxes) of CHF 5.5 million (previous year's period: CHF 3.9 million), the Highlight Group reported a consolidated net profit of CHF 11.6 million for the period from January to September 2015. This corresponds to a CHF 1.3 million or 12.6 % increase in comparison to the first nine months of the previous year (CHF 10.3 million).

Of this net profit for the period, a loss of CHF 0.3 million (previous year's period: profit of CHF 0.7 million) is attributable to non-controlling interests, meaning that the profit share attributable to Highlight shareholders is CHF 11.9 million (previous year's period: CHF 9.6 million). In relation to the average number of shares in circulation during the reporting period (44.4 million), this corresponds to earnings per share of CHF 0.27 – a rise of 28.6 % compared to the same period of the previous year (CHF 0.21).

Results of segment operations

In the first nine months of the current year, the external sales of the Film segment totaled CHF 191.0 million. Compared to the same period of 2014 (CHF 272.4 million), this corresponds to a decline of CHF 81.4 million, which is primarily attributable to the fact that high income from minimum guarantees was achieved in the previous year – owing to the global release of the Constantin Film own production "Pompeii". In the period from January to September 2015, the Film segment particularly benefited from the extraordinarily good theatrical performance of the sequel "Fack Ju Göhte 2", which had the most successful launch ever for a German movie production.

Other segment income, which is mainly influenced by capitalized film production costs, increased by CHF 11.5 million to CHF 58.7 million. This growth reflects the higher production volume at present compared to the first nine months of 2014. Segment expenses, which in the first nine months of the previous year were heavily influenced by the amortization of the movie "Pompeii" and impairment losses on the CGI title "Tarzan", fell considerably by CHF 72.0 million to CHF 238.3 million (previous year's period: CHF 310.3 million). The resulting segment earnings of CHF 11.4 million were up CHF 2.1 million or 22.6 % on the equivalent figure for the previous year (CHF 9.3 million).

The Sports- und Event-Marketing segment generated external sales of CHF 37.3 million, which were therefore up slightly on the first nine months of the previous year (CHF 37.1 million). Other income increased significantly from CHF 0.3 million to CHF 3.9 million, which is primarily due to exchange rate gains from the measurement of balance sheet items, which resulted from the sharp appreciation of the Swiss franc against the euro. At the same time, segment expenses climbed by CHF 3.1 million to CHF 24.8 million (previous year's period: CHF 21.7 million), resulting in segment earnings of CHF 16.4 million. This corresponds to a CHF 0.7 million or 4.5 % improvement in comparison to the first nine months of the previous year (CHF 15.7 million).

At CHF 2.8 million, external sales of the Other Business Activities segment remained close to the figure for the same period of 2014 (CHF 2.7 million). Other income decreased from CHF 0.5 million to CHF 0.1 million, while segment expenses were down by CHF 1.3 million at CHF 3.6 million (previous year's period: CHF 4.9 million) due to cost savings. As a result of these developments, the segment loss fell by CHF 1.0 million or 58.8 % to CHF 0.7 million (previous year's period: CHF 1.7 million).

The costs of holding activities in the reporting period of CHF 4.1 million were practically unchanged compared to the previous year's period (CHF 4.0 million).

Net assets situation

Compared to the end of 2014 (CHF 361.6 million), the Highlight Group's total assets increased by CHF 80.3 million to CHF 441.9 million as of September 30, 2015. On the assets side of the balance sheet, non-current assets increased by CHF 31.9 million to CHF 231.2 million (December 31, 2014: CHF 199.3 million), primarily as a result of the changes in film assets.

At CHF 210.7 million, current assets were up CHF 48.5 million on the comparative figure (CHF 162.2 million). This was influenced in particular by a clear rise in cash and cash equivalents of CHF 59.7 million to CHF 104.5 million, which primarily resulted from advance payments received in the Sports- and Event-Marketing segment. By contrast, trade accounts receivable and other receivables due from third parties fell by CHF 13.3 million to CHF 82.1 million.

The value of film assets amounted to CHF 191.1 million as of September 30, 2015 – an increase of CHF 30.7 million as against the end of 2014 (CHF 160.4 million). CHF 154.3 million of this related to in-house productions (December 31, 2014: CHF 119.3 million) and CHF 36.9 million to third-party productions (December 31, 2014: CHF 41.1 million). The increase in in-house productions is due to additions, the value of which exceeded scheduled amortization and impairment on films being exploited in the period under review.

On the equity and liabilities side of the balance sheet, current and non-current advance payments received increased in particular by a considerable total of CHF 72.1 million to CHF 126.3 million. Financial liabilities increased by CHF 20.2 million to CHF 101.5 million, while pension liabilities rose by CHF 2.1 million to CHF 12.8 million and deferred tax liabilities by CHF 3.0 million to CHF 8.5 million. By contrast, income tax liabilities fell by CHF 4.2 million to CHF 4.1 million.

Consolidated equity (including non-controlling interests) was down CHF 13.1 million as against the end of 2014 at CHF 93.8 million (December 31, 2014: CHF 106.9 million). This decrease resulted primarily from dividend payments (CHF 10.3 million) and currency translation differences of CHF 9.8 million. These differences are attributable to the translation of the equity of those subsidiaries whose functional currency is not the Swiss franc. By contrast, equity was increased by the consolidated net profit for the period of CHF 11.6 million.

In relation to the total assets, now considerably higher, the notional equity ratio was a solid 21.2 % as of the end of the third quarter of 2015 (December 31, 2014: 29.6 %). The adjusted equity ratio (after netting cash and cash equivalents against financial liabilities and advance payments received against film assets) improved from 40.7 % to 43.8 %.

Financial situation

As of September 30, 2015, the Highlight Group had cash and cash equivalents of CHF 104.5 million, representing an increase of CHF 59.7 million as against the end of 2014 (CHF 44.8 million). At the same time, financial liabilities increased by CHF 20.2 million to CHF 101.5 million (December 31, 2014: CHF 81.3 million), resulting in net liquidity of CHF 3.0 million at the end of the third quarter (December 31, 2014: net debt of CHF 36.5 million).

Operating activities generated a net cash inflow of CHF 144.2 million in the period from January to September 2015. The CHF 26.6 million increase compared to the same period of the previous year (CHF 117.6 million) was chiefly due to the increase in advance payments received.

Net cash used in investing activities increased by CHF 28.7 million to CHF 89.2 million as against the first nine months of the previous year (CHF 60.5 million), primarily due to a CHF 30.4 million increase in payments for film assets to CHF 86.2 million (previous year's period: 55.8 million). In contrast, payments for intangible assets, property, plant and equipment and financial assets fell by a total of CHF 0.9 million to CHF 4.0 million (previous year's period: CHF 4.9 million).

The cash inflow from the Highlight Group's financing activities amounted to CHF 7.1 million in the reporting period (previous year's period: cash outflow of CHF 53.7 million). This cash inflow is attributable to net borrowing of CHF 22.0 million (previous year's period: net debt repayment of CHF 44.8 million). Cash flow was reduced by dividend payments (CHF 10.3 million) and payments for the acquisition of non-controlling interests (CHF 4.6 million).

On the basis of 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 September 30, 2015, the Highlight Group had a total of 1,067 employees (September 30, 2014: 910). This figure includes employees on non-permanent, project-related contracts.

EVENTS AFTER THE REPORTING PERIOD

By contract dated October 22, 2015, Constantin Film AG increased its interest in PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH by 50% to 100%. This acquisition is currently subject to approval by the Federal Cartel Office and is expected to be concluded in the fourth quarter of 2015.

REPORT ON RISKS AND OPPORTUNITIES

Risk management system

Entrepreneurial action and taking advantage of opportunities is always associated with risks. To protect the existence of the Highlight Group as a going concern, and to support the company in achieving its goals, an integrated, company-wide risk management system (RMS) has been implemented.

A detailed description of the RMS can be found in the report on risks and opportunities in the annual report 2014 of Highlight Communications AG. The same applies to the description of the internal control system in relation to the accounting process as well as the opportunities and risks of the Highlight Group (see annual report 2014, report on risks and opportunities).

Significant changes in risks and opportunities in the reporting period

The Highlight Group's risk and opportunity profile after the first nine months of 2015 generally corresponds to the assessments contained in the consolidated financial statements as of December 31, 2014 and in the interim management report as of June 30, 2015. A detailed presentation of the business risks can be found in the report on risks and opportunities in the annual report 2014 of Highlight Communications AG.

The following change arose in the reporting period compared with the risks and opportunities set out in the report on risks and opportunities in the annual report 2014 or in the interim management report as of June 30, 2015:

In the synergy project, the Highlight Group is looking at optimization and savings potential in Group-wide collaboration, in particular from applying the Group's internal best practices, from agglomeration effects at the sites in and around Munich and from the simplification, standardization and automation of processes. A committee decision was taken on July 27, 2015 to retain the current rental and site situation of the individual companies in the greater Munich area. This means the loss of a source of significant agglomeration effects that had originally been included in the synergy project's opportunity assessment as a "significant opportunity". An evaluation of effects independently of sites is now being carried out. The current situation suggests that the assessment of the opportunity had fallen to a "low to medium level" as of the end of the reporting period.

Summary of the risk and opportunity situation

In the opinion of the Group management, the biggest risk factors still relate to regulatory intervention, access to licenses and source material for exploitation as well as anticipation of customers' tastes in film production and future media use. In addition to collaboration with screenwriters, directors and producers at home and abroad and access to attractive source material and licenses, which the Highlight Group can attribute not least to its image and its creative and committed staff, the Group management also considers the greatest opportunities to include the utilization of synergies by optimizing internal processes.

Based on the available information and estimates, particularly for probabilities of occurrence, maximum losses and the effect of the countermeasures taken, the Group management of Highlight Communications AG has come to the conclusion that these factors do not represent a threat to the existence of the Group as a going concern. This applies to the risks both on an individual basis and also in combination, provided the effect of the combined risks can be meaningfully simulated or estimated in another way. The Group management considers the Group to be adequately equipped to deal with the residual risks that are not reduced by countermeasures. It believes that the measures taken keep the risk to an economically acceptable level and considers the Group's risk-bearing capacity to be sufficient.

FORECAST

Sector-specific situation

Compared to the presentation of the sector-specific situation in the forecast of the report on the Highlight Group's situation in the annual report 2014 or the details given in the interim management report as of June 30, 2015 of Highlight Communications AG, there were no material changes in the continuing development of the individual markets in the respective segments.

Focal points in fiscal year 2015

Film segment

Quality optimization and productions with winning concepts and a strong emotional connection with audiences are still at the forefront of Constantin Film AG's theatrical production/acquisition of rights business area – for both low- and high-budget projects. It is also continuing to focus on creating a portfolio of strong brands that – based on the model of the "Resident Evil" series – can be successfully exploited on all relevant movie markets around the world. Against this backdrop, film rights have been acquired for a range of attractive source material. Overall, the creativity level is to be raised further in order to produce an even more comprehensive product range for all exploitation formats.

According to current planning, in the final quarter of 2015 work will begin on the movie projects "Fixi" – a co-production with SamFilm GmbH – and "No Manches Frida", the Spanish-language remake of "Fack Ju Göhte".

Theatrical distribution is still pursuing the combination of national and international own and co-productions with a handful of high-quality third-party titles. This is aided by adequate and cost-effective press and marketing activities.

As things stand, the theatrical slate for the final quarter of 2015 features the two co-productions "Er ist wieder da" (launched very successfully on October 8) and "Die Lochis – Bruder vor Luder" (theatrical release on December 24).

The declining trend on the overall home entertainment market, which is caused by revenues declines for physical media, is also affecting the Highlight Group's product range. In particular, good results are expected in this business area in the fourth quarter of 2015 for the new Constantin Film releases "Ostwind 2", "Fantastic Four" and "Abschussfahrt".

In license trading/TV exploitation, free-TV exploitation will essentially be dominated by sales for "Fünf Freunde 2" and "Das Haus der Krokodile" in the fourth quarter of the current year. Pay-TV exploitation will focus on "Love, Rosie" and "Step Up: All In" among others.

In the TV service production business area, the subsidiaries of Constantin Film AG are constantly working to develop innovative TV formats, particularly in the area of creative new developments. For example, TV series with a consecutive story arc will be developed at both national and international level. Besides the establishment of the existing “Shadowhunters” (“The Mortal Instruments”) brand, which has been in TV production since May of this year, other similarly oriented products and adaptations of Constantin cinema films will be developed.

The Constantin Film subsidiaries are preparing a host of projects in the fourth quarter of 2015, including “Ein Teil von uns” (start of shooting in November 2015), “Die Familie”, “Terror”, “Hotel Sacher” and “Schuld” (start of shooting in 2016 in each case).

Sports- and Event-Marketing segment

Up to the end of the current fiscal year, the TEAM Group remains focused on optimum marketing of the remaining TV and sponsorship rights for the UEFA Champions League and the UEFA Europa League for the 2015/16 to 2017/18 seasons. After this, TEAM will concentrate on the 2018/19 to 2020/21 marketing cycle newly commissioned by UEFA.

Other Business Activities segment

In the event and entertainment business, the activities of Highlight Event AG will remain to be mainly geared towards the Vienna Philharmonic Orchestra, as some of the TV and sponsorship rights for this project are also up for renewal for the period from 2018 to 2022.

Financial targets of the Highlight Group

Based on the expected developments in the individual segments as described above and assuming that currency exchange rates remain almost stable, we currently expect to generate a consolidated net profit attributable to shareholders of between CHF 16 million and CHF 18 million with earnings per share of between CHF 0.36 and CHF 0.40. We adhere to the previous sales forecast and continue to anticipate consolidated sales in a range of CHF 310 million and CHF 330 million.

Forward-looking statements

This report contains forward-looking statements that are based on estimates and expectations of the Group management. Words such as “anticipate”, “intend”, “expect”, “can/could”, “plan”, “intended”, “further improvement”, “target is” and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not historical facts. These are subject to risks, uncertainties and factors, of which most are difficult to assess and which in general are beyond the control of the Group management. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove to be incorrect, the actual results, performance or achievements of the Highlight Group may differ significantly from those described explicitly or implicitly in the forward-looking statements. Highlight Communications AG does not intend to continuously update the forward-looking statements contained in this report.

Although every effort has been made to ensure that the provided information and facts are correct, and that the opinions and expectations are reasonable, no liability or warranty as to the completeness, correctness, adequacy and/or accuracy of any forward-looking statements in this report is assumed.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of September 30, 2015 of Highlight Communications AG, Pratteln

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

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2015 (unaudited)

Highlight Communications AG, Pratteln

ASSETS (TCHF)	Sep. 30, 2015	Dec. 31, 2014
Non-current assets		
In-house productions	154,287	119,298
Third-party productions	36,859	41,087
Film assets	191,146	160,385
Other intangible assets	566	1,145
Goodwill	16,994	17,492
Property, plant and equipment	4,605	5,112
Investment property	3,900	3,900
Investments in associated companies and joint ventures	391	489
Non-current receivables due from third parties	660	1,666
Receivables due from associated companies and joint ventures	5,171	2,971
Other financial assets	3,126	1,802
Deferred tax assets	4,598	4,364
	231,157	199,326
Current assets		
Inventories	4,332	5,152
Trade accounts receivable and other receivables due from third parties	82,141	95,428
Receivables due from related parties	34	6
Receivables due from associated companies and joint ventures	688	3,371
Other financial assets	16,698	13,186
Income tax receivables	2,282	316
Cash and cash equivalents	104,542	44,773
	210,717	162,232
Total assets	441,874	361,558

The notes on page 23–31 are an integral part of the consolidated interim financial statements.

EQUITY AND LIABILITIES (TCHF)	Sep. 30, 2015	Dec. 31, 2014
Equity		
Subscribed capital	47,250	47,250
Treasury stock	–2,816	–2,816
Capital reserve	–107,903	–104,560
Other reserves	–39,985	–27,836
Retained earnings	190,292	184,494
Equity attributable to shareholders	86,838	96,532
Non-controlling interests	7,003	10,348
	93,841	106,880
Non-current liabilities		
Advance payments received	62,484	–
Pension liabilities	12,839	10,674
Deferred tax liabilities	8,545	5,495
	83,868	16,169
Current liabilities		
Financial liabilities	101,495	81,279
Advance payments received	63,796	54,148
Trade accounts payable and other liabilities due to third parties	90,422	89,278
Liabilities due to related parties	265	137
Liabilities due to associated companies and joint ventures	–	700
Provisions	4,041	4,624
Income tax liabilities	4,146	8,343
	264,165	238,509
Total equity and liabilities	441,874	361,558

The notes on page 23–31 are an integral part of the consolidated interim financial statements.

CONSOLIDATED INCOME STATEMENT JANUARY 1 TO SEPTEMBER 30, 2015 (unaudited)

Highlight Communications AG, Pratteln

(TCHF)	Jan. 1 to Sep. 30, 2015	Jan. 1 to Sep. 30, 2014	July 1 to Sep. 30, 2015	July 1 to Sep. 30, 2014
Sales	231,139	312,232	104,482	95,971
Capitalized film production costs and other own work capitalized	45,673	33,168	25,166	8,783
Total output	276,812	345,400	129,648	104,754
Other operating income	16,271	14,091	4,420	6,243
Costs for licenses, commissions and materials	–15,306	–20,545	–6,403	–7,543
Costs for purchased services	–90,591	–96,070	–42,547	–29,342
Cost of materials and licenses	–105,897	–116,615	–48,950	–36,885
Salaries	–66,050	–63,470	–26,203	–20,211
Social security, pension costs	–8,789	–8,511	–2,978	–2,861
Personnel expenses	–74,839	–71,981	–29,181	–23,072
Amortization and impairment on film assets	–43,475	–100,110	–23,780	–25,158
Amortization, depreciation and impairment on intangible assets and property, plant and equipment	–2,115	–2,748	–656	–878
Amortization, depreciation and impairment	–45,590	–102,858	–24,436	–26,036
Other operating expenses	–43,800	–48,762	–15,793	–15,457
Profit from operations	22,957	19,275	15,708	9,547
Earnings from investments in associated companies and joint ventures	803	162	79	40
Financial income	1,653	8,408	–960	6,770
Financial expenses	–8,377	–13,646	–86	–10,297
Financial result	–6,724	–5,238	–1,046	–3,527
Profit before taxes	17,036	14,199	14,741	6,060
Current taxes	–1,910	–10,642	–511	470
Deferred taxes	–3,566	6,754	–3,267	–2,113
Taxes	–5,476	–3,888	–3,778	–1,643
Net profit	11,560	10,311	10,963	4,417
thereof shareholders' interests	11,919	9,566	11,076	3,970
thereof non-controlling interests	–359	745	–113	447

(CHF)	Jan. 1 to Sep. 30, 2015	Jan. 1 to Sep. 30, 2014	July 1 to Sep. 30, 2015	July 1 to Sep. 30, 2014
Earnings per share				
Earnings per share attributable to shareholders, basic	0.27	0.21	0.25	0.08
Earnings per share attributable to shareholders, diluted	0.27	0.21	0.25	0.08
Weighted average number of shares (basic)	44,434,350	44,534,350	–	–
Weighted average number of shares (diluted)	44,434,350	44,534,350	–	–

The notes on page 23–31 are an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/LOSS JANUARY 1 TO SEPTEMBER 30, 2015 (unaudited)

Highlight Communications AG, Pratteln

(TCHF)	Jan. 1 to Sep. 30, 2015	Jan. 1 to Sep. 30, 2014
Net profit	11,560	10,311
Currency translation differences	–9,813	–1,431
Gains/losses from cash flow hedges	–2,639	–
Items that may be reclassified to the income statement in future	–12,452	–1,431
Actuarial gains and losses of defined benefit obligation plans	–1,126	–2,076
Gains/losses from financial assets at fair value through other comprehensive income/loss	3,855	–3,982
Items that will not be reclassified to the income statement in future	2,729	–6,058
Other comprehensive income/loss, net of tax	–9,723	–7,489
Total comprehensive income/loss	1,837	2,822
thereof shareholders' interests	2,536	2,229
thereof non-controlling interests	–699	593

The notes on page 23–31 are an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY JANUARY 1 TO SEPTEMBER 30, 2015 (unaudited)

Highlight Communications AG, Pratteln

	Equity	
(TCHF)	Subscribed capital	Treasury stock
Balance as of January 1, 2015	47,250	–2,816
Currency translation differences	–	–
Gains/losses from cash flow hedges	–	–
Items that may be reclassified to the income statement in future	–	–
Actuarial gains and losses of defined benefit obligation 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	–	–
Purchase of treasury stock	–	–
Sale of treasury stock	–	–
Dividend payments	–	–
Change in non-controlling interests	–	–
Other changes	–	–
Balance as of September 30, 2015	47,250	–2,816
Balance as of January 1, 2014	47,250	–2,716
Currency translation differences	–	–
Items that may be reclassified to the income statement in future	–	–
Actuarial gains and losses of defined benefit obligation 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	–	–
Purchase of treasury stock	–	–
Sale of treasury stock	–	–
Dividend payments	–	–
Change in non-controlling interests	–	–
Other changes	–	–
Balance as of September 30, 2014	47,250	–2,716

The notes on page 23–31 are an integral part of the consolidated interim financial statements.

attributable to the shareholders					
Captial reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
–104,560	–27,836	184,494	96,532	10,348	106,880
–	–9,510	–	–9,510	–303	–9,813
–	–2,639	–	–2,639	–	–2,639
–	–12,149	–	–12,149	–303	–12,452
–	–	–1,089	–1,089	–37	–1,126
–	–	3,855	3,855	–	3,855
–	–	2,766	2,766	–37	2,729
–	–12,149	2,766	–9,383	–340	–9,723
–	–	11,919	11,919	–359	11,560
–	–12,149	14,685	2,536	–699	1,837
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–8,887	–8,887	–1,414	–10,301
–3,343	–	–	–3,343	–1,232	–4,575
–	–	–	–	–	–
–107,903	–39,985	190,292	86,838	7,003	93,841
–104,534	–26,187	182,862	96,675	10,573	107,248
–	–1,389	–	–1,389	–42	–1,431
–	–1,389	–	–1,389	–42	–1,431
–	–	–1,966	–1,966	–110	–2,076
–	–	–3,982	–3,982	–	–3,982
–	–	–5,948	–5,948	–110	–6,058
–	–1,389	–5,948	–7,337	–152	–7,489
–	–	9,566	9,566	745	10,311
–	–1,389	3,618	2,229	593	2,822
–	–	–	–	–	–
–	–	–	–	–	–
–	–	–7,571	–7,571	–1,326	–8,897
–7	–	–	–7	–18	–25
–	–	–	–	–	–
–104,541	–27,576	178,909	91,326	9,822	101,148

CONSOLIDATED STATEMENT OF CASH FLOWS JANUARY 1 TO SEPTEMBER 30, 2015 (unaudited)

Highlight Communications AG, Pratteln

(TCHF)	Jan. 1 to Sep. 30, 2015	Jan. 1 to Sep. 30, 2014
Net profit	11,560	10,311
Deferred taxes	3,566	–6,754
Current taxes	1,910	10,642
Financial result (without currency result)	1,229	3,615
Earnings from investments in associated companies and joint ventures	–803	–162
Amortization, depreciation and impairment on non-current assets	45,590	102,858
Gain (–)/loss (+) from disposal of non-current assets	–10	–11
Other non-cash items	–432	111
Increase (–)/decrease (+) in inventories, trade accounts receivable and other assets not classified to investing or financing activities	8,307	16,041
Decrease (–)/increase (+) in trade accounts payable and other liabilities not classified to investing or financing activities	81,627	–14,863
Dividends received from associated companies and joint ventures	211	302
Interest paid	–1,363	–2,283
Interest received	84	210
Income taxes paid	–7,573	–4,361
Income taxes received	255	1,939
Cash flow from operating activities	**144,158**	**117,595**
Change in cash and cash equivalents due to acquisitions of companies/shares in companies (net)	65	–
Payments for intangible assets	–48	–280
Payments for film assets	–86,188	–55,764
Payments for property, plant and equipment	–1,430	–1,678
Payments for financial assets	–2,538	–2,972
Proceeds from/payments for sale of companies/shares in companies, net	724	–
Proceeds from disposal of intangible assets and film assets	–	75
Proceeds from disposal of property, plant and equipment	193	84
Cash flow for investing activities	**–89,222**	**–60,535**
Payment for purchase of non-controlling interests	–4,640	–25
Repayment of current financial liabilities	–29,483	–66,857
Proceeds from receipt of current financial liabilities	51,500	22,091
Dividend payments	–10,301	–8,897
Cash flow from/for financing activities	**7,076**	**–53,688**
Cash flow from the reporting period	**62,012**	**3,372**
Cash and cash equivalents at the beginning of the reporting period	44,773	44,259
Effects of currency differences	–2,243	–408
Cash and cash equivalents at the end of the reporting period	104,542	47,223
Change in cash and cash equivalents	**62,012**	**3,372**

The notes on page 23–31 are an integral part of the consolidated interim financial statements.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2015

Highlight Communications AG, Pratteln

1. General information on the Group

The parent company Highlight Communications AG is based at Netzibodenstrasse 23b, Pratteln, Switzerland.

Highlight Communications AG's Board of Directors authorized the publication of these unaudited, condensed consolidated interim financial statements on November 10, 2015.

2. Accounting and valuation principles

The unaudited, condensed consolidated interim financial statements for the period from January 1 to September 30, 2015 have been prepared in accordance with the International Accounting Standard on Interim Financial Reporting (IAS 34).

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, 2014.

The accounting and valuation policies applied in the consolidated financial statements for fiscal year 2014 remained consistent with those applied in the condensed consolidated interim financial statements (see annual report 2014, notes to the consolidated financial statements, note 4) except for the first-time adoption of new or revised standards and interpretations explained below.

The condensed consolidated interim financial statements have been prepared in Swiss francs, which is the functional and reporting currency of the Group's parent company. In general, the amounts are reported in thousands of Swiss francs (TCHF) unless stated otherwise. For calculation-related reasons, rounding differences of +/– one unit (TCHF) may arise and the percentages shown may not precisely reflect the absolute figures to which they relate.

The Film segment is subject to seasonal fluctuations, as sales depend on the respective theatrical release dates and the subsequent exploitation chain. This leads to fluctuations in terms of sales and segment earnings in the quarters of the fiscal year.

When preparing the condensed consolidated interim financial statements, the management is required to make estimates and assumptions that affect the reported assets, liabilities, contingent liabilities and contingent assets at the balance sheet date, as well as income and expenses of the reporting period. These estimates and assumptions represent the management's best estimate based on historical experience and other factors, including estimates about future events. Estimates and assumptions are reviewed on an ongoing basis. Changes to estimates are required if the circumstances on which they are based have changed or new or additional information has become available. Such changes are recognized in the reporting period in which the estimate is modified. For additional information, please refer to the annual report 2014, notes to the consolidated financial statements, note 5.

3. Changes in accounting principles

The mandatory adoption of the following accounting standards and interpretations had no material effect on these condensed consolidated interim financial statements respectively no material changes are anticipated for the consolidated financial statements as of December 31, 2015.

Standards/amendments/interpretations	Mandatory application for fiscal years starting on or after
Annual IFRS improvement process (2010–2012)*	July 1, 2014
Annual IFRS improvement process (2011-2013)**	July 1, 2014
IAS 19 Employee Benefits – Accounting for Employee Contributions (amendment)	July 1, 2014

* *This specifically relates to the following standards and interpretations: IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38.*
** *This specifically relates to the following standards and interpretations: IFRS 1, IFRS 3, IFRS 13, IAS 40.*

Highlight Communications AG waived early adoption of further new and revised standards and interpretations whose mandatory effective date is not yet binding on Highlight Communications AG. For additional information, please refer to the annual report 2014, notes to the consolidated financial statements, note 2.

4. Changes in scope of consolidation

Kuuluu Playground GmbH, Hamburg, a 51 % equity investment of the associated company Kuuluu Interactive Entertainment AG, Pratteln, was sold on January 17, 2015. The effects on these consolidated interim financial statements were not significant.

On January 23 and January 30, 2015, as well as on April 30 and July 16, 2015, Highlight Communications AG gradually increased its shareholding in Highlight Event & Entertainment AG, Lucerne, which was already fully consolidated, from 68.986 % to 75.277 %. These were transactions between equity providers. As a result of the transactions, the capital reserves decreased by TCHF 789 and non-controlling interests by TCHF 1,214 compared to December 31, 2014.

On February 13, 2015, Constantin Film AG sold 90 % of the shares it had previously held in the joint venture Mister Smith Entertainment Ltd., London, which was accounted for using the equity method as of December 31, 2014. The buyer has also assumed the pro-rata assets and liabilities of this company. A 5 % stake in the company has been retained. This will now be accounted for under other non-current financial assets.

Comosa AG, Zurich, was established on March 31, 2015. 56.665 % of the shares are held by Rainbow Home Entertainment AG. The company is fully consolidated and allocated to the Sports- and Event-Marketing segment.

The fully consolidated company Constantin Entertainment Turkey TV Prodüksiyon Limited Sirketi, Istanbul, was liquidated on May 21, 2015. The effect on these consolidated interim financial statements was not significant.

Rainbow Home Entertainment AG acquired an investment of 33.64 % or TCHF 67 in the newly founded Holotrack AG, Pratteln, on June 22, 2015. The company is carried as an associated company and included in the consolidated financial statements using the equity method.

On July 2, 2015, Constantin Entertainment GmbH acquired the remaining 25 % stake in Constantin Entertainment Polska Sp z.o.o., Warsaw, which was already fully consolidated, and through this transaction increased its interest to 100 %. This was a transaction between equity providers. As a result of the transaction, the capital reserves decreased by TCHF 2,554 and non-controlling interests by TCHF 83 compared to December 31, 2014.

Constantin Entertainment CZ s.r.o., Prague, a wholly owned subsidiary of Constantin Entertainment GmbH, was founded on July 29, 2015. The company is fully consolidated and allocated to the Film segment.

The fully consolidated company Constantin Entertainment U.K. Ltd., Reading, was liquidated on August 11, 2015. The effect on these consolidated interim financial statements was not significant.

Constantin Entertainment Slovakia s.r.o., Bratislava, was founded by Constantin Entertainment GmbH (97 %) and Constantin Film Produktion GmbH (3 %) on September 15, 2015. The company is fully consolidated and allocated to the Film segment.

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

The balance sheet total amounted to TCHF 441,874 as of September 30, 2015 after TCHF 361,558 as of December 31, 2014. While non-current assets rose by TCHF 31,831 in total as a result of an increase in film assets in particular, current assets increased by a total of TCHF 48,485 as of September 30, 2015. This increase largely results from the TCHF 59,769 increase in cash and cash equivalents, which is primarily attributable to advance payments received from customers. This was partly offset by the reduction in trade accounts receivable and other receivables from TCHF 95,428 to TCHF 82,141. On the equity and liabilities side, non-current liabilities increased by TCHF 67,699, in particular due to the advance payments received from customers. Current liabilities rose by TCHF 25,656. In addition, equity was down by TCHF 13,039 at TCHF 93,841.

Film assets

As of September 30, 2015, film assets increased by TCHF 30,761 as against December 31, 2014. In-house productions increased by TCHF 34,989, while third-party productions decreased by TCHF 4,228; this decline was essentially due to the lower EUR/CHF exchange rate as of the end of the reporting period.

Investment property

The investment property is a property of Highlight Event & Entertainment AG in Düdingen, which is predominantly held for generating rental income. Valuation is performed using the fair value model (see note 7).

Current assets

As against December 31, 2014, current receivables fell by TCHF 15,942 as of the end of the reporting period. This was due to the decrease of TCHF 24,004 in other receivables and of TCHF 2,683 in receivables due from associated companies and joint ventures. Trade accounts receivable increased by TCHF 10,717. Receivables due from related parties climbed slightly by TCHF 28 as against the end of the year.

Other current financial assets increased by TCHF 3,512 to TCHF 16,698. The change is mainly due to the effect of the increase in value of the shares held in Constantin Medien AG, which is shown in the statement of other comprehensive income/loss.

Cash and cash equivalents rose from TCHF 44,773 to TCHF 104,542 as of September 30, 2015. Financing activities resulted in a cash inflow of TCHF 7,076, due mainly to proceeds from the receipt of financial liabilities. The Group's investing activities used cash of TCHF 89,222, which was essentially due to payments for film assets. Operating activities had a positive cash flow of TCHF 144,158, most of which stemmed from the increase in advance payments received from customers.

Equity

As of September 30, 2015, the number of directly and indirectly held non-voting treasury shares in Highlight Communications AG was 2,815,650 (December 31, 2014: 2,815,650).

Equity fell by TCHF 13,039 from TCHF 106,880 to TCHF 93,841 as of September 30, 2015. The remeasurement of the pension obligation led to a reduction in retained earnings of TCHF 1,089, on account of the drop in the discount rate in particular. The increase in shares in Highlight Event & Entertainment AG and Constantin Entertainment Polska Sp z.o.o. also led to a TCHF 3,343 decrease in capital reserves in total and a TCHF 1,297 decrease in non-controlling interests. The initial consolidation of the newly founded Comosa AG increased non-controlling interests by TCHF 65. The reduction in other reserves of TCHF 12,149 essentially results from the translation of the equity of companies that do not use the Swiss franc as their functional currency. The increase in the value of Constantin Medien shares of TCHF 3,855 recognized in retained earnings and the net profit for the period of TCHF 11,919 contributed to a positive effect. Dividends totaling TCHF 10,301 were also distributed.

Liabilities

While non-current liabilities increased by TCHF 67,699 compared to the end of the year, current liabilities rose by a total of TCHF 25,656. Financial liabilities were up by TCHF 20,216 at TCHF 101,495. At the same time, trade accounts payable were down by TCHF 3,713 while other liabilities rose by a total of TCHF 4,857. Non-current and current advance payments received climbed by a total of TCHF 72,132.

Sales and other income

Sales in the reporting period amounted to TCHF 231,139 after TCHF 312,232 in the same period of the previous year. While sales in the Film segment declined by TCHF 81,393, the Sports- and Event-Marketing segment's sales rose by TCHF 241. Capitalized film production costs and other own work capitalized increased by TCHF 12,505 year-on-year.

Sales from exchanging services of different types and values amounted to TCHF 1,253 in the Film segment in the reporting period (previous year's period: TCHF 0).

Operating expenses

The cost of materials and licenses declined by TCHF 10,718 year-on-year.

Personnel expenses amounted to TCHF 74,839 in the reporting period and were thus up by TCHF 2,858 compared to the level of the previous year's period.

Amortization, depreciation and impairment on film assets, intangible assets and property, plant and equipment totaling TCHF 45,590 (previous year's period: TCHF 102,858) comprise scheduled amortization and depreciation of TCHF 43,341 (previous year's period: TCHF 95,713) and impairment of TCHF 2,249 (previous year's period: TCHF 7,145), which relates in full to film assets.

Unrecognized pro rata loss of companies accounted for using the equity method

The unrecognized pro-rata loss of companies accounted for using the equity method was TCHF 251 in the period under review (previous year's period: TCHF 989). The cumulative unrecognized pro-rata loss was TCHF 2,077 (December 31, 2014: TCHF 3,253). The unrecognized pro-rata losses are losses exceeding the value of the Group's holding in an associated company or joint venture.

Financial result

In the reporting period, the financial result was down by a total of TCHF 1,486 compared to the same period of the previous year, mainly as a result of exchange rate effects.

6. Dividend

Proposed dividends are only recognized after the motion for the appropriation of retained earnings has been approved by the Annual General Meeting. For fiscal year 2014, the Board of Directors proposed to the Annual General Meeting, that took place on June 12, 2015, a dividend distribution of CHF 0.20 per share from legal reserves from capital contributions. The dividend was approved by the Annual General Meeting and distributed from June 22, 2015.

7. Financial risk management

The Group is exposed to various financial risks resulting from its operating 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, credit quality and the solvency of the Group's business partners. There have been no changes in the allocation of financial assets and liabilities to the individual classes compared with the annual consolidated financial statements. For additional information, please refer to the annual report 2014, notes to the consolidated financial statements, note 8.

Fair value of financial assets and liabilities

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

September 30, 2015 (TCHF)			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
	Derivative financial instruments	FVPL/without category	–	3,836	–	3,836
	Financial assets at fair value through profit or loss	FVPL	103	–	2,963	3,066
	Financial assets (equity instruments)	FVOCI	15,417	–	1,341	16,758
Financial liabilities measured at fair value						
	Derivative financial instruments	FLPL/without category	–	4,849	–	4,849

Disclosures on level 3 financial instruments:

Designation of the financial instrument	Long-term shares	Short-term shares
Fair value January 1, 2015	1,712	1,624
Gains/losses through profit or loss	–30	–
Currency translation differences through equity	–	–235
Acquisition	1,341	–
Sale	–	–108
Fair value September 30, 2015	**3,023**	**1,281**

December 31, 2014 (TCHF)			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value						
	Derivative financial instruments	FVPL/without category	–	3,624	–	3,624
	Financial assets at fair value through profit or loss	FVPL	90	–	3,336	3,426
	Financial assets (equity instruments)	FVOCI	11,562	–	–	11,562
Financial liabilities measured at fair value						
	Derivative financial instruments	FLPL/without category	–	250	–	250

Financial assets measured at fair value through profit or loss and included in level 1 are measured using market prices. The derivative financial instruments in level 2 are measured at current market rates. 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 sales in the amount of TCHF 108 and currency translation effects of a total amount of TCHF –265. The Highlight Group also acquired a 5 % stake in Geenee Inc., Delaware, in the third quarter of 2015. 4.54 % of this is held by Rainbow Home Entertainment AG while Constantin Entertainment GmbH holds 0.46 %. The purchase price of TCHF 1,341 was paid in cash and by brokering customer relationships. This equity investment is measured at fair value via the statement of comprehensive income/loss and assigned to level 3 of the fair value hierarchy. The measurement (including sensitivity analysis) of this equity instrument is carried out at least once per year as of December 31 or if there are indications of impairment during the year.

The currency effects recognized in profit or loss are reported under “financial expenses”.

There were no reclassifications between the individual levels of the fair value hierarchy.

Financial assets and liabilities at amortized cost

Given the short remaining term, the carrying amounts of current financial receivables and liabilities as of the end of the reporting period are approximately the fair value. Non-current receivables are discounted according to their remaining term. Their carrying amounts are therefore also approximately their fair value.

Fair value of non-financial assets and liabilities

With the exception of the investment property measured at fair value (see note 5), no non-financial assets or non-financial liabilities were measured at fair value as of September 30, 2015. As was the case as of December 31, 2014, the property measured at fair value is assigned to level 3. The measurement parameters have not changed as against December 31, 2014 (see annual report, notes to the consolidated financial statements, note 8). The fair value as of September 30, 2015 corresponds to the previous carrying amount.

8. Segment reporting

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

The management of the company as the chief operating decision maker makes decisions on the allocation of resources to the segments and assesses their success on the basis of key indicators 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 still divided into the three operating segments Film, Sports- and Event-Marketing and Other Business Activities. The administrative functions of the Highlight Communications AG holding company are reported under Other. The elimination of inter-segment transactions 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 the segments are performed as arm’s length transactions.

Segment information January 1 to September 30, 2015

(TCHF)	Film	Sports- and Event-Marketing	Other Business Activities	Other	Recon-ciliation	Group
External sales	191,016	37,319	2,804	–	–	231,139
Other segment income	58,713	3,858	130	–	–757	61,944
Segment expenses	–238,336	–24,827	–3,630	–4,090	757	–270,126
thereof amortization, depreciation	*–42,413*	*–629*	*–299*	–	–	*–43,341*
thereof impairment	*–2,249*	–	–	–	–	*–2,249*
Segment result	11,393	16,350	–696	–4,090	–	22,957
Non-allocable items:						
Earnings from investments in associated companies and joint ventures						803
Financial income						1,653
Financial expenses						–8,377
Profit before taxes						17,036

Segment information January 1 to September 30, 2014

(TCHF)	Film	Sports- and Event-Marketing	Other Business Activities	Other	Recon-ciliation	Group
External sales	272,409	37,078	2,745	–	–	312,232
Other segment income	47,209	314	505	–	–769	47,259
Segment expenses	–310,328	–21,713	–4,942	–4,002	769	–340,216
thereof amortization, depreciation	*–94,362*	*–601*	*–750*	–	–	*–95,713*
thereof impairment	*–7,145*	–	–	–	–	*–7,145*
Segment result	9,290	15,679	–1,692	–4,002	–	19,275
Non-allocable items:						
Earnings from investments in associated companies and joint ventures						162
Financial income						8,408
Financial expenses						–13,646
Profit before taxes						14,199

9. Financial commitments, contingent liabilities and other financial obligations

Compared to the consolidated financial statements as of December 31, 2014, financial commitments, contingent liabilities and other financial obligations decreased by TCHF 1,753 to TCHF 66,988 as of September 30, 2015.

10. Related party disclosures

As part of its normal business activities, the company maintains relations with associated companies, joint ventures, the major shareholder and its subsidiaries in addition to companies controlled by members of the Board of Directors. In some cases, the receivables due from associated companies and joint ventures also include loans that arise from the non-binding financing of operative projects.

The table below shows the scope of the transactions performed in the reporting period:

Joint ventures

(TCHF)	Sep. 30, 2015	Dec. 31, 2014
Receivables	688	3,371
Liabilities	–	700

(TCHF)	Jan. 1 to Sep. 30, 2015	Jan. 1 to Sep. 30, 2014
Sales and other income	6,862	7,589
Cost of materials and licenses and other expenses	6,329	7,062

Associated companies

(TCHF)	Sep. 30, 2015	Dec. 31, 2014
Receivables	5,171	2,971
Liabilities	–	–

(TCHF)	Jan. 1 to Sep. 30, 2015	Jan. 1 to Sep. 30, 2014
Sales and other income	1	45
Cost of materials and licenses and other expenses	–	68

Other related parties

(TCHF)	Sep. 30, 2015	Dec. 31, 2014
Receivables	–	–
Liabilities	205	36

(TCHF)	Jan. 1 to Sep. 30, 2015	Jan. 1 to Sep. 30, 2014
Sales and other income	–	–
Cost of materials and licenses and other expenses	193	546

Parent company and its direct subsidiaries

(TCHF)	Sep. 30, 2015	Dec. 31, 2014
Receivables	34	6
Liabilities	60	101

(TCHF)	Jan. 1 to Sep. 30, 2015	Jan. 1 to Sep. 30, 2014
Sales and other income	60	208
Cost of materials and licenses and other expenses	314	204

Other related party transactions essentially include the relations to various members of the Board of Directors and Managing Directors, which resulted in liabilities of TCHF 205 as of September 30, 2015 (December 31, 2014: TCHF 36).

Related parties include the members of the Board of Directors, the members of Group management and their relatives.

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

All transactions with related parties are carried out at arm's length conditions.

11. Events after the reporting period

In connection with the current share buy-back program, another 250,000 treasury shares were acquired for a purchase price of TCHF 1,334 in October 2015.

By contract dated October 22, 2015, Constantin Film AG, Munich, increased its interest in PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH, Munich, by 50% to 100%. Once control is obtained, the investment currently accounted for using the equity method will be fully consolidated from the acquisition date and allocated to the Film segment. The company primarily produces service productions for German TV stations. With this acquisition, the Group is further expanding its production activities. The cash purchase price for the shares acquired amounts to TCHF 547 plus a variable purchase price component of a maximum of TCHF 820, the amount of which depends on the commissioning and production of service productions. This acquisition is currently subject to approval by the Federal Cartel Office and is expected to be concluded in the fourth quarter of 2015. The transaction is recognized as a business combination as defined by IFRS 3, Business Combinations.

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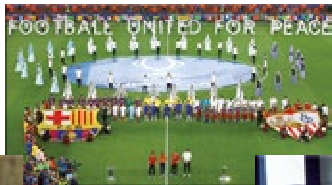
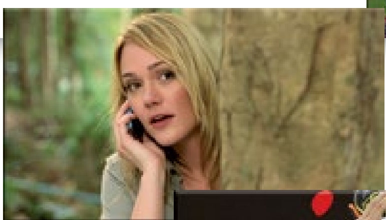
Constantin Film Group, Munich (outside cover)

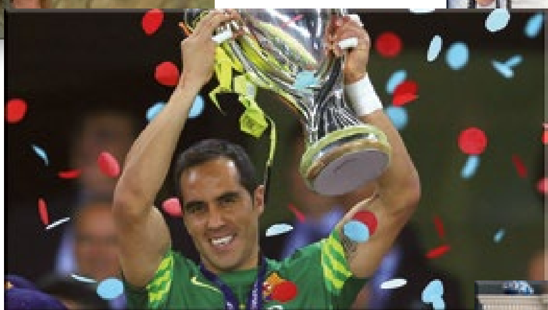
Spectacle in Munich: Cast and crew cheered by more than 2,500 delighted guests at the major world premiere of “Fack Ju Göhte 2”.

Events 2016

Cinema	Berlinale	February 11–21
	Academy Awards	February 28
	Cannes Film Festival	May 11–22
	Locarno Film Festival	August 3–13
	Venice Film Festival	September 1–10
	Toronto Film Festival	September 8–18
Football	UEFA Europa League final	May 18
	UEFA Champions League final	May 28
Events	Vienna Philharmonic’s New Year’s Day Concert	January 1
	Eurovision Song Contest, semifinals	May 10 and 12
	Eurovision Song Contest, final	May 14
	Vienna Philharmonic’s Summer Night Concert	May 26
	WTA Finals	October
Investor Relations	Annual report 2015	March
	Interim reports	May / August / November
	German Equity Forum	November







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