EM.SPORT MEDIA AG

Annual Report 2008

Simplified Corporate Structure

As at December 31, 2008

EM.SPORT MEDIA AG

100% **DSF Deutsches SportFernsehen GmbH**

100% **PLAZAMEDIA GmbH TV- und Film-Produktion**

99% **Sport1 GmbH**

100% **CREATION CLUB (CC) GmbH**

47.3% Highlight

Major subsidiaries of Highlight Communications AG

80% **Team Holding AG**

97.8% **Constantin Film AG**

100% **Rainbow Home Entertainment AG**

100% **Constantin Entertainment GmbH**

Key Figures

In Euro million	12/31/2008	12/31/2007
Non-current assets	**418.3**	205.3
> Film assets	**187.0**	0.0
> Intangible assets	**109.0**	5.1
Total assets	**719.7**	376.9
Subscribed capital	**77.9**	77.9
Equity	**142.4**	185.2
Equity ratio (in percent)	**19.8%**	49.1%
Non-current financial liabilities	**81.9**	107.9
Current financial liabilities	**241.2**	0.9

	01/01 to 12/31/2008	01/01 to 12/31/2007
Sales	**384.6**	230.7
> Sports	**217.7**	230.6
> Film	**147.9**	0.0
> Sports- and Event-Marketing	**18.9**	0.0
> Others	**0.1**	0.1
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**69.1**	26.8
Amortization, depreciation and impairment	**-171.9**	-11.5
Earnings before interest and taxes (EBIT)	**-102.8**	15.3
Earnings before taxes (EBT)	**-124.3**	11.0
Shareholders' interests	**-131.3**	-41.2
Cash flow from operating activities	**59.7**	12.1
Cash flow from/for investing activities	**34.4**	-90.8
Cash flow from financing activities	**19.8**	2.9

	12/31/2008	12/31/2007
Outstanding shares in million	**72.0**	73.3
Share price in Euro	**2.50**	3.43
Market capitalization (based on outstanding shares)	**180.0**	251.4

	01/01 to 12/31/2008	01/01 to 12/31/2007
Average number of outstanding shares (basic) in million	**73.4**	**64.5**
Earnings per share from continuing operations (basic) in Euro	**-1.74**	**0.15**
Earnings per share from continuing operations (diluted) in Euro	**-1.74**	**0.15**
Employees at closing	**2,503**	1,236

The Year

January – Sport1.de, in cooperation with the rights marketer Infront Sports & Media, broadcasts all matches of the 2008 European Handball Championship live and in full length as a streaming in Web-TV.

February – DSF posts the best ever earnings before interest and taxes (EBIT) for 2007 since the station's existence.

Sport1 under new management: Jan Schwark is appointed successor to Patrick Zeilhofer.

March – EM.Sport Media and Highlight Communications: Through acquisition of a further 5.33 million Highlight Communications shares, EM.Sport Media's shareholding stands at 37.6 percent. The seller is KF 15 GmbH & Co. KG.

2007 financial statements of EM.Sport Media AG: Thanks to a successful performance in the core business of Sports, consolidated sales of 230.7 million Euro exceed the sales budget with the operating Group result significantly rising to 15.3 million Euro. Due to write-downs to the Entertainment segment held for sale, the Group closed the reporting year with substantially negative net earnings.

April – Antonio Arrigoni becomes the new CFO of EM.Sport Media effective April 1 as the appointed successor to Dr Andreas Pres. Until his appointment to the Management Board, Arrigoni had been the Chief Financial Officer of Highlight Communications AG since 2004.

May – The EM.Sport Media Group forms AdImpulse Media, its own online portfolio marketer, which, besides Sport1.de, distributes additional own online offers and external portals. Thomas Port becomes the Managing Director as of August 1.

EM.Sport Media agrees to the sale of the Entertainment Segment to the Belgian media company Studio100. Following approval by the antitrust authorities and media regulatory agencies, the sale is finally executed on July 18.

June – Being one of the technical service providers of the UEFA, PLAZAMEDIA stages the sports event of the year with the UEFA EURO 2008™.

July – PLAZAMEDIA and Disney extend their production agreement existing since 1999 for another three years.

July/August – EM.Sport Media acquires a share package from Bernhard Burgener thereby increasing its stake in Highlight Communications to 43.6 percent. In return, Bernhard Burgener receives, among others, a share package in EM.Sport Media of almost 3 percent. The Company then acquires further shares in Highlight Communications extending its stake to 47.3 percent.

As of August 1, the Highlight group is fully consolidated.

September – Bernhard Burgener, former President of the Board of Directors of Highlight Communications becomes CEO of EM.Sport Media as of September 1. Werner E. Klatten, who had been CEO since 2001, switches over to the Supervisory Board, becoming Deputy Chairman on September 9.

November – The significantly deteriorated market environment leads to write-downs of up to 135 million Euro, thereby resulting in losses for the period ending September 30 and the entire financial year. In addition, EM.Sport Media announces that it will propose a capital increase of up to 10 percent of the share capital as well as a name change to "Constantin Medien AG" at an extraordinary General Meeting at the beginning of 2009.

The German Football League (DFL) awards the TV rights to DSF starting with the 2009/10 season for the next four years, thus retaining the exclusive primary broadcast rights in free-TV to the highlights of the 2nd Bundesliga matches played on Fridays and Sundays and to the live-game on Mondays.

December – The two most successful German films in 2008 are both the merit of Constantin Film: "The Baader Meinhof Complex" booked total viewers of about 2.4 million making it the German film with the highest box office takings in 2008; while "The Wave" with an audience of about 2.6 million posted the highest number of viewers.

Company Profile

EM.Sport Media AG is a medium-sized media company focused on the Segments Sports, Film as well as Sports- and Event-Marketing. As an independent player in the German-speaking media market, the Group operates autonomously and is not associated with any of the major media groups. Through the shareholding in Swiss media company Highlight Communications AG acquired in 2007, which was successively expanded to 47.3 percent in 2008 and has been fully consolidated since July 31, 2008, the Group is now presented in a new strategic structure and of a new magnitude.

In the **Sports Segment**, EM.Sport Media covers the entire bandwidth of services within the sports media segment with its subsidiaries – in the television sector with its TV station Deutsches SportFernsehen (DSF), in the online sector primarily with its sports portal Sport1 and with regards to the activities in the production services area with PLAZAMEDIA and creative agency CREATION CLUB. The strategic objective is to form a fully integrated sports group that spans across the entire media value chain.

The **Film Segment** encompasses the Highlight subsidiaries Constantin Film AG and Rainbow Home Entertainment. The Constantin group is the major independent German producer and distributor of theatrical, video/ DVD and TV films. The exploitation of in-house film production is international, while third-party productions are distributed essentially in German-speaking countries. Furthermore, the Constantin group creates fictional as well as non-fictional productions for TV stations.

The **Sports- and Event-Marketing Segment** comprises the activities of Team Holding AG, an 80 percent shareholding of Highlight Communications AG, which markets the UEFA Champions League as its main project via its subsidiaries. Additional distribution projects include, among others, the UEFA Cup (in the future: UEFA Europa League), the UEFA Super Cup as well as the Eurovision Song Contest and the New Year's Concert from the Vienna Philharmonic Orchestra.

Together with the Highlight group, EM.Sport Media strategically aims to create a leading media group in the German-speaking region within the Sports, Film as well as Sports- and Event-Marketing Segments.

Content

Forward-looking statements
This annual report contains statements relating to future events that are based on management's assessments of future developments. A series of factors beyond the control of the company, such as changes in the general economic and business environment and the incidence of individual risks or occurrence of uncertain events, can result in the actual results differing substantially from those forecast. EM.Sport Media does not intend to continually update the forward-looking statements contained in the annual report.

Important notice
This document is a free translation into English of the original German text. It is not a binding document. In the event of a conflict in interpretation, reference should be made to the German version, which is the authentic text.

CONSOLIDATED FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS (HGB)

Foreword by the Chairman of the Management Board

Dear Shareholders,
EM.Sport Media has recorded an extraordinary eventful year in 2008. The Group now has a significantly broader business foundation and has reached a new magnitude. Arising from a company focused on Sports media, a media group has emerged, which also operates in Film production and distribution, in TV production and entertainment as well as in Sports- and Event-Marketing. The Company already has a leading market position today in several of its Segments. The new Group's sales volume amasses more than 500 million Euro and employs about 2,500 staff members.

The basis for this growth impetus was the previous year's successive expansion of its shareholding in the Swiss Highlight Communications AG to 47.3 percent. This shareholding percentage permitted the consolidation of the Highlight activities in our consolidated balance sheet with effect from July 31, 2008, which represented a milestone along our path towards joining both media firms.

Another key step in 2008 was the personnel changes undertaken at the helm of the three large Group companies EM.Sport Media AG, Highlight Communications AG and Constantin Film AG; this will simplify the unification of the companies, which is also a coalescence of corporate cultures. The announcement in December 2008 of Highlight's intent to transfer the shareholders' remaining shares ("Squeeze-out") in its 98 percent shareholding in Constantin Film AG for purposes of halting Constantin's stock listing will considerably streamline the Group's structure. And finally you, dear shareholders, approved the change in company name from EM.Sport Media AG to Constantin Medien AG at the extraordinary General Meeting held on January 28, 2009. Not only does the new name represent the larger bandwidth of our Group's services and uses the splendid reputation of the Constantin brand, but it is also a confession to the media site Munich.

What does our Group's new structure look like after the full consolidation of the Highlight group? Group activities are classified into four segments:

> The "Sports" Segment continues to largely comprise the activities in the television sector featuring free-TV station Deutsches SportFernsehen (DSF), in the online sector with the online portal Sport1.de and in production with the PLAZAMEDIA group.

> The "Film" Segment combines the activities of Constantin Film and the Highlight subsidiaries Rainbow Entertainment. The Constantin group is the leading German producer and distributor of theatrical and television films. The Constantin name is an internationally renowned trademark that has been standing for first-class film and television productions and for numerous box office hits for more than 30 years. In the theatrical distribution area, Constantin Film captured a total market share of about 8.4 percent (Source: Nielsen EDI) in Germany in 2008, thus operating "at eye level" with the US Major Studios.

> The "Sports- and Event-Marketing" Segment encompasses the activities of Team Holding AG, an 80 percent shareholding of Highlight. TEAM is the exclusive marketing agency for the UEFA Champions League, the most prestigious competition in European club soccer. Other TEAM portfolio highlights include the Eurovision Song Contest and the world-famous Vienna Philharmonic Orchestra.

> The "Others" Segment mainly contains the activities of EM.Sport Media AG as the holding company.

Dear Shareholders,

Sports and Entertainment are both attractive growth fields in the media sector, the expansion of which we plan to consequently undertake in the coalescent business group. For the future Constantin Medien AG, we have set ourselves the goal of attaining robust earnings in all segments.

We are also convinced that you, the shareholders, should also partake in the company's success. That is why it is the Management Board's declared objective to pay dividends again as soon as possible.

In 2008, we commenced this with the earnings-oriented transformation of our Company. Thereby, the extensive impairment losses and fair value adjustments totaling 131.5 million Euro, which were recognized in the third quarter financial report as of September 30, 2008, played an important role. Consequently, we were the first company in our industry to take into account the significant deterioration of the overall economic environment and the macroeconomic conditions for our Group's business. The changed market conditions have caused us to adjust assumptions and estimates for the future business development. The corrections resulted in a net loss of 129.1 million Euro in the consolidated financial statements for the year ended 2008. However, we are convinced that these were important steps taken to face future challenges with a clean consolidated balance sheet. This was even more appropriate as the EM.Sport Media Group, with its strong equity base, was in the position to cope with the valuation corrections. Thus, the equity ratio of 19.8 percent at the end of 2008 was below the previous year's figure, but was still at a solid level.

However, the adverse impact of the write-downs on earnings should not hide the fact that the operations of the past year were pleasing in many Group areas despite the growing economic downswing.

> Hence, DSF again generated record earnings surpassing expectations. Despite increasing regulatory interferences in the teletext area, an overall restrained advertising market and strong competition from the European Soccer Championship and the Olympic Games, DSF's sales leveled off at a high stage. This demonstrates that DSF is in a position, based on its clear profile in terms of content and thanks to a consequent improvement in its cost structure, to generate a positive business development on a lasting basis even under difficult economic conditions.

> The Highlight group also continued along its earnings-oriented course in 2008 achieving its operating goals completely. The operating earnings rose by 4.3 percent reaching a record figure of 34.8 million Euro.

> The Highlight subsidiary Constantin Film once again confirmed its status as Germany's leading independent film production and distribution company. Thus, the total of nine in-house and co-productions, which Constantin launched in theatres in 2008, attracted more than 8.4 million visitors. This theatrical audience is twice as many as the number two on the German market was able to attract. The attractive distribution slate, but also the good earnings in Home Entertainment and in Licensing contributed to Constantin Film even increasing its sales and earnings prognosis for 2008 after the third quarter.

Concerning the year 2009, our Group will not quite be able to detach itself from the overall macroeconomic conditions that became further gloomy, most notably in the fourth quarter of last year. Nevertheless, despite the recessionary and financial crisis we are convinced that this is no occasion for pessimism. The future Constantin Medien AG possesses a solid pipeline filled with attractive rights, projects and products. Thus, in the previous year, DSF once again secured the important broadcast rights to the 2nd German Soccer Bundesliga starting with the 2009/2010 season. Constantin Film plans about 15 in-house and co-productions in 2009. And – with our high quality and consistently growing Home Entertainment spectrum – we satisfy the desire of many people for relaxation and variety, especially during these difficult times.

In the current year, we will particularly turn our attention to our Group's unification. It is important to us that all stakeholders – shareowners, employees, customers and business partners – have confidence in us. In this manner, we would like to successfully progress further in all segments of Constantin Medien AG on a lasting basis for the years to come. This is our declared goal. I would be more than pleased if you, dear shareholders, would accompany us along this path.

With best regards

B. Burgener

Bernhard Burgener
Chairman of the Management Board

Management Board

Bernhard Burgener, Chairman of the Management Board
Bernhard Burgener has been CEO of EM.Sport Media AG since September 1, 2008. He is responsible for the strategic development of the entire group of companies, the support of major stockholders, M&A activities and Communications as well as company and stock law and compliance. Moreover, he is responsible for the affiliated company Highlight Communications AG, where he is CEO of the Board of Directors; for the Film Segment comprising of the Highlight subsidiary Constantin Film AG, where he holds the position of CEO since January 1, 2009; and for the Sports- and Event-Marketing Segment, which comprises of the Highlight shareholding TEAM where Mr Burgener is the President (Chairman) of the Board of Directors.

Rainer Hüther, Deputy Chairman of the Management Board
Rainer Hüther has been a Member of the Management Board since March 6, 2001 and has held the position of Deputy CEO of EM.Sport Media AG since September 1, 2008. He is responsible for the Sports Segment comprising of the key subsidiaries DSF Deutsches SportFernsehen, Sport1, PLAZAMEDIA and CREATION CLUB.

Antonio Arrigoni, Member of the Management Board
Antonio Arrigoni has been a Member of the Management Board of EM.Sport Media AG since April 1, 2008. He is responsible for the areas Finance, Investor Relations, Accounting, Controlling, Human Resources and Administration, Legal as well as IT and Process Management. Mr Arrigoni is also Member of the Board of Directors of Highlight Communications AG.

Werner E. Klatten, Chairman of the Management Board
Werner E. Klatten was the CEO of EM.Sport Media AG from September 15, 2001 until August 31, 2008.

Dr Andreas Pres, Member of the Management Board
Dr Andreas Pres was CFO of EM.Sport Media AG from January 1, 2003 until March 31, 2008.

Supervisory Board

As of December 31, 2008, the Supervisory Board of EM.Sport Media AG* was structured as follows:

Dr Bernd Thiemann, Chairman
Werner E. Klatten, Deputy Chairman
Dr Hans-Holger Albrecht, Member
Dr Erwin Conradi, Member
Dr Alexander Ritvay, Member
Martin Wagner, Member

* For information regarding Supervisory Board positions during the year, please refer to page 157 of the Notes to the Consolidated Financial Statements.

Report of the Supervisory Board

Dr Bernd Thiemann, Chairman of the Supervisory Board

During 2008, the Supervisory Board of EM.Sport Media AG met its obligations in accordance with law and with the Company's Articles of Association, duly advising the Management Board of the Company, as well as monitoring its activities. On the basis of oral and written reports, the Supervisory Board followed in detail the business development of the AG and of the Group, as well as all significant business issues.

In accordance with the resolution ratified by the Annual General Meeting on June 27, 2007, the Supervisory Board comprises of six members. Moreover, two committees exist; each committee is made up of three Supervisory Board Members. The first of these is the Personnel and Nominations Committee, which convened twice in 2008, and is responsible inter alia for employment contracts with Management Board Members and the handling of nominations for the election of new Supervisory Board Members at the Annual General Meeting. The other is the Audit Committee, which is responsible for issues of accounting, preliminary audits of the separate and consolidated financial statements and the commission of the annual auditor to carry out the audit. The Audit Committee also met on two occasions in 2008. The Chairman of the Audit Committee was Mr Bernhard Burgener until August 31, 2008. His successor in this position is Mr Werner E. Klatten.

During the reporting year, the Supervisory Board of EM.Sport Media AG convened at four ordinary and three extraordinary meetings; the extraordinary meetings were occasionally conducted via telephone. All Members of the Supervisory Board participated in the ordinary meetings; whereby one Member participated via telephone at one meeting.

The Members of the Management Board participated in all meetings in order to report to the Supervisory Board and to answer its questions. As in the previous years, the Supervisory Board also called on the advice of authorized experts, in particular financial auditors and external consultants. There was also regular contact between the Management Board and the Members of the Supervisory Board in between meetings, keeping them informed about the business situation of EM.Sport Media AG and the EM.Sport Media Group at all times. This was especially true for the Chairmen of the Management Board and of the Supervisory Board. As is standard practice and exercised in prior years, the Supervisory Board also made circular resolutions between meetings on the basis of detailed documentary information.

During 2008, the Supervisory Board and its Committees focused primarily on the following matters during their consultations:

> **Business performance:** At each meeting, the Supervisory Board dealt with the current status of the Company, in particular with regard to the business and liquidity situation of the AG and the Group as well as significant business transactions. To this end, the Management Board submitted detailed statements on business performance within the Sports, Entertainment and Holding Segments and – following the consolidation of the shareholding in Highlight Communications AG – in the new Segments Film as well as Sports- and Event-Marketing. Particular attention was given to the economic slump and the effect of changes in competitive conditions on the sales and earnings situation of the sports companies and potential countermoves. Special focus was placed on identifying savings potential, such as by means of realigning tasks between the holding and operative companies.

> **Shareholding step-up in Highlight Communications AG:** At its meetings on March 14, 2008 and July 8, 2008, respectively, the Supervisory Board ratified to increase EM.Sport Media AG's shareholding in

Highlight Communications AG to a consolidating participation in share capital. The supervisory body is still of the conviction that a significant shareholding on the part of the Company in the Highlight group, with its stake in the sports rights marketing agency TEAM and in the film and television production and distribution company Constantin Film, representing its main subsidiaries, is an important step in covering the complete sports media value chain in the future.

In appraising the transaction, the Supervisory Board dealt in particular with the strategic opportunities presented by the shareholding increase, primarily the full consolidation of the Highlight investment, the underlying financing concept and the parameters regarding the development of Highlight activities in the years to come. The investment increase to around 47.3 percent does not present a breach of the so-called "Change of Control Clause" between the UEFA and Highlight Communications. Said clause stipulates that in the event of a takeover of more than 50 percent in Highlight share capital, the UEFA would have an option to assume the shares in the joint subsidiary TEAM.

> **Divestment of the Entertainment business:** At its extraordinary meeting on May 27, 2008, the Supervisory Board approved the divestment of the Entertainment Segment, comprising of the subsidiaries, Junior.TV GmbH & Co. KG, EM.Entertainment GmbH and a series of investments in co-productions, to the Belgian company Studio100. Consequently, the corresponding divestment resolution from May 22, 2007 was executed. The Management Board informed the Supervisory Board in detail starting with the execution of the sales agreement and up through the closing of the transaction on July 18, 2008.

> **Group risk exposure:** The Supervisory Board examined on a regular basis the overall risk exposure of the Group, significant individual risks and changes in such risks. Among other items, particular attention was paid during the year under review to company financing, taking into account the potential impact from the international financial crisis at hand, the termination of activities in the sports betting area and relationships with key customers in the Sports Segment.

> **Legal issues:** As in the previous years, the Supervisory Board concerned itself with the current status of shareholders' lawsuits against the Company, and with the progress of damage claims entered by the Company against former Board Members of the Company. It was briefed by the Management Board and appointed attorneys in this respect.

During the reporting year three additional vicarious liability lawsuits brought by EM.Sport Media AG against former Members of the Management Board and Supervisory Board of EM.TV & Merchandising AG (legal predecessor of EM.Sport Media AG) were dismissed in the first instance by the Munich Regional Court I on May 29, 2008 and December 18, 2008, respectively. These three claims (AZ 5 HKO 16125/05, AZ 5 HKO 17701/05 and AZ 5 HKO 18333/05) are in respect of damage claims in connection with negligent violation of duties by the former Board Members for loans granted to TheatrO CentrO GmbH in 2000 and 2001, the acquisition of stakes in the Tabaluga Film- und Fernsehproduktion GmbH, and the granting of a major charitable donation as well as the signing of several co-production agreements. Since legal counsels consider the prospects of success for appeal to be good, the Supervisory Board has decided to appeal against the ruling of the Munich Regional Court I.
The court has not yet reached a decision regarding the vicarious liability proceedings in respect of negligent violation of duties in connection with the acquisition of a shareholding in the Formula 1 in the year 2000.

> **Tender offer Constantin Film AG:** At its extraordinary meeting held on May 27, 2008, the Supervisory Board approved the voluntary tender offer of EM.Sport Media AG for 100 percent of the outstanding shares of Constantin Film AG.

> **Accounting valuation adjustments:** In its extraordinary meeting on November 4, 2008, the Supervisory Board dealt in detail with the comprehensive accounting valuation adjustments undertaken by the Management Board in the third quarter as a result of the financial market situation and assumptions surrounding current and future market developments. The panel heard reports in detail on the change in value of the respective assets and the impact of the valuation adjustments on the net assets, financial position and results of operations of the Group and AG. The information provided by the Company's auditors was also taken into consideration as they worked closely in the revaluation of the assets. The Supervisory Board concurred with the Management Board that the valuation adjustments are necessary in view of the changed general conditions and are reasonable in amount.

> **Capital increase and name change:** On November 4, 2008, the Supervisory Board approved the Management Board's proposal for a capital increase of up to 10 percent of share capital at an extraordinary General Meeting. In addition, at this extraordinary General Meeting which took place on January 28, 2009, it was resolved to rename the company to "Constantin Medien AG".

> **Management Board changes:** As part of the planned unification of the EM.Sport Media Group and the Highlight group, changes arose in the Company's Management Board during the year under review. Mr Werner E. Klatten, who had been Chairman of the Management Board since September 15, 2001, stepped down from the Management Board with effect from August 31, 2008. Effective September 1, 2008, he was succeeded by Mr Bernhard Burgener, who up until this date was the President of the Board of Directors of Highlight Communications AG. Mr Burgener turned over the President function to Mr Werner E. Klatten, who was elected by the General Meeting of Highlight on May 30, 2008 to the Board of Directors. Furthermore, the Supervisory Board of the Company resolved to appoint Mr Rainer Hüther as Deputy Chairman of the Management Board, effective September 1, 2008. Mr Antonio Arrigoni had already assumed the CFO function from Dr Andreas Pres with effect from April 1, 2008.

> **Supervisory Board changes:** Due to the changes at the top of the Management Board, Mr Bernhard Burgener stepped down from the Supervisory Board with effect from August 31, 2008. According to the resolution of the Annual General Meeting held on July 9, 2008, Mr Werner E. Klatten became Member of the Supervisory Board, effective September 1, 2008, and was elected as Deputy Chairman on September 9, 2008.

The Supervisory Board would like to express its deep gratitude to Mr Klatten for his outstanding merits with regards to the Company. During his leadership term, the Company faced the highly complex restructuring of the former EM.TV & Merchandising AG which was initially met with a lot of skepticism by the public. Regardless of all problems and unforeseeable events such as the collapse of the former Kirch group in 2002, Mr Klatten steadfastly held on to the goal of strategically realigning the company, to returning to profitability and to reinstating the trust lost on the capital market. Together with his Management Board colleagues he was accountable for the acquisition of the Sports companies and their successful further development as well as for broadening the business foundation in 2007 and 2008 by means of acquiring the significant investment in the Highlight group. Mr Klatten was known for his high degree of expertise, strategic foresight and perseverance. The Supervisory Board is thankful that he will continue to make his business experience available to our Group as a Member of the Supervisory Board.

Statements concerning disclosures contained within the Management Report and the Group Management Report in accordance with § 315 para. 4 of the German Commercial Code (HGB).
EM.Sport Media AG disclosed information in the Group Management Report for the 2008 financial year in accordance with § 315 para. 4 HGB. The disclosures meet the requirements prescribed in the 2004/25 EG guideline issued by the European Parliament and the Council of the European Union as of April 21, 2004, in respect of tender offers. The obligation to issue this information falls on companies whose voting shares are listed on an organized market in accordance with § 2 para. 7 of the Securities Acquisition and Takeover Act (WpÜG). This is irrespective of whether a takeover offer has been made or is expected to be made. The information serves to enable potential bidders to make a comprehensive assessment of the Company and of potential takeover obstacles.

The Supervisory Board has examined the relevant information contained within the Combined Management Report and Group Management Report. Specific details in respect of this matter can be found on pages 49 ff of the Management Report.

Audit and adoption of the annual financial statements
The financial statements of EM.Sport Media AG, the consolidated financial statements and the combined Company and Group Management Report of EM.Sport Media AG as of December 31, 2008 have been examined by the assigned auditor, PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Munich, and have been issued with an unconditional Auditor's Certificate. The financial statements, consolidated financial statements and the combined Company and Group Management Report were submitted in a timely manner to all members of the Supervisory Board along with the audit reports, enabling a detailed examination of the documents.

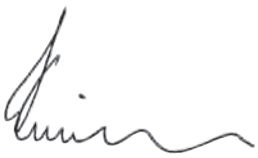
In its accounts approval meeting held on March 25, 2009, the auditor reported the key findings of their audit to the Supervisory Board, after having done the same in a meeting of the audit committee previously. The Supervisory Board as well as the Audit Committee examined in detail the financial statements and consolidated financial statements as well as the combined Company and Group Management Report and duly noted their approval of the findings of the auditors. Following the completion of its examination, the Supervisory Board raised no objections to the financial statements and consolidated financial statements. The Supervisory Board approved the financial statements and consolidated financial statements in the form presented. The annual financial statements are thereby adopted.

In 2008, the EM.Sport Media Group made significant progress in attaining its objective, by means of a gradual joining with Highlight Communications AG, to become a leading media firm in the Segments

Sports, Film as well as Sports- and Event-Marketing. Key steps along this path included the successive shareholding step-up in Highlight to a consolidating extent, the issuance of a voluntary tender offer for all outstanding shares of Constantin Film AG, the change in the top management of our Company and other executive body changes in both companies as well as the divestment of the Entertainment Segment. The substantial accounting valuation adjustments undertaken in the financial statements and the consolidated financial statements for the year ended 2008 were considered necessary by the Supervisory Board given the significant changes in the market environment in order for the new Group to start with a clean balance sheet in the future. And last but not least, the renaming of the Company to Constantin Medien AG resolved at the extraordinary General Meeting held on January 28, 2009 is an expression of the new chapter that has now commenced in our firm's history.

The Supervisory Board would like to sincerely thank the Management Board and all employees of the Group for their dedicated work in the reporting year. It is convinced that the future Constantin Medien AG will have all the opportunities to successfully move in its core business and to present the shareholders with a rewarding investment.

March 2009
The Supervisory Board of EM.Sport Media AG



Dr Bernd Thiemann
Chairman

Corporate Governance Report

The Management and Supervisory Boards provide their report on the corporate governance of EM.Sport Media AG in accordance with para. 3.10 of the German Corporate Governance Code.

The Management and Supervisory Boards work together in good faith for the benefit of the Company and are committed to the principle of sustainable growth in company value. It is the aim of EM.Sport Media AG to consistently justify the trust of its shareholders, customers and employees and to fulfill their corporate responsibilities. EM.Sport Media AG is hereby committed to transparent and timely communication.

Shareholders and Annual General Meeting

In its Annual, Interim and Quarterly Reports, EM.Sport Media AG regularly issues information concerning the development of its business. Shareholders also have the opportunity to follow analysts conferences on those reports live via the internet. The Company publishes further detailed information about EM.Sport Media AG on its website www.emsportmedia.ag.

The shareholders of EM.Sport Media AG are entitled to exercise their rights at the Annual General Meeting, where they may cast their votes. Each shareholder is entitled to participate in the Annual General Meeting, to pass comments on individual agenda items, to ask questions and to propose motions. EM.Sport Media AG simplifies the process by which shareholders may exercise their voting rights through the appointment of a shareholder-committed voting representative. On July 9, 2008, the Annual General Meeting for the 2007 financial year took place, which was attended by around 550 shareholders with a total of around 35 million voting rights. All resolutions were ratified with a majority of over 95 percent. Individual agenda points at this Annual General Meeting were contested by the shareholders; furthermore, the invalidity of all resolutions made was disputed by lawsuit. For prudence reasons, the Company decided to not yet record the resolutions in the Commercial Register in cases where recordation is required. The Company does not agree with the plaintiff's legal pleadings. The Munich Regional Court I dismissed all lawsuits at first instance. Individual plaintiffs appealed this ruling. Besides other resolution issues, the shareholders resolved once again at an extraordinary General Meeting on January 28, 2009 on the resolutions disputed at the Annual General Meeting from July 9, 2008 concerning the creation of new authorized capital. As well as the other resolutions passed at the extraordinary General Meeting on January 28, 2009, this new resolution was not disputed.

Collaboration between the Management and Supervisory Boards

As a German public limited company, the Group parent company EM.Sport Media AG has a dual management and control system ("Two-Tier System"), i.e. the Management and Supervisory Boards are separate bodies with strictly separate members and duties.

The Management Board of EM.Sport Media AG consists of three members. The Management Board is responsible for directing the affairs of EM.Sport Media AG and for representing the Company in third party dealings. The principle tasks of the Management Board include the determination of corporate strategy, Group management and the monitoring of risk management.

The Supervisory Board of EM.Sport Media AG consists of six members since July 2007. The Supervisory Board advises and monitors the Management Board in its management of the Company. Its responsibilities include, but are not limited to, the appointment of Management Board Members. The Supervisory Board has created a Personnel and Nominations Committee, as well as an Audit Committee. The Personnel and Nominations Committee is responsible in particular for contracts with Management Board Members and for drafting nominations for the election of new Supervisory Board Members by the Annual General Meeting. It also works out proposals for Management Board remuneration to the Supervisory Board plenum. The Audit Committee performs the regular tasks of an audit committee in respect of accounting, auditing, compliance and risk management.

The Management Board works closely with the Supervisory Board. It informs the Supervisory Board on a regular, timely and comprehensive basis of all Company and Group relevant issues associated with planning, business performance, risk status and risk management. The Management Board agrees the corporate strategy with the Supervisory Board and discusses its strategic implementation on a regular basis. Documents requiring decisions, in particular the EM.Sport Media AG annual financial statements, the consolidated financial statements and the audit report are forwarded to the Members of the Supervisory Board in advance of a meeting. The internal bylaws governing the Management Board incorporate veto rights on the part of the Supervisory Board for business transactions of major significance. During the 2008 financial year, a total of seven Supervisory Board meetings were convened. The Audit Committee and the Personnel and Nominations Committee each convened twice.

Further information on the Management and Supervisory Boards can be found within the section on Boards and within the Notes on the Consolidated Financial Statements.

Management Board contractual terms

Effective August 31, 2008, Mr Werner E. Klatten resigned from his Management Board position and is now a Member of the Supervisory Board of EM.Sport Media AG. Here, he was elected as Deputy Chairman of the Supervisory Board. His contract as Member and Chairman of the Management Board was terminated with effect from August 31, 2008.

Mr Bernhard Burgener was appointed as a Member of the Management Board of EM.Sport Media AG as of September 1, 2008 and has since then acted as Chairman of the Management Board. His contract term runs until August 31, 2011.

The contract with Mr Rainer Hüther was extended on September 25, 2007 until December 31, 2011. As a Member of the Management Board of EM.Sport Media AG, Mr Hüther is responsible for all activities within the Sports Segment and is Deputy Chairman of the Management Board since September 1, 2008.

On April 1, 2008, there was a change in the position of CFO of EM.Sport Media AG, from Dr Andreas Pres to Mr Antonio Arrigoni, the former CFO of Highlight Communications AG in Pratteln/Switzerland. Mr Arrigoni's contract term runs until March 31, 2011.

Remuneration of Management Board Members

In accordance with the German Corporate Governance Code, the total remuneration of each Management Board Member consists of both fixed and variable components. The variable remuneration elements are each prescribed differently in the individual contracts; in part this is oriented on the earnings achieved by the Group and its subsidiaries and in part awarded by the Supervisory Board according to its best judgment. To the extent to which these variable components are determined by the earnings of the Group and its subsidiaries they are contractually limited.

The remuneration of the Members of the Management Board for the 2008 financial year is summarized as follows:

Remuneration of Management Board Members

Name	Function	Period	Fixed remuneration in Euro	Variable remuneration in Euro
Bernhard Burgener	CEO	9/1 - 12/31/08	150,000	0
Werner E. Klatten	CEO	1/1 - 8/31/08	507,274	400,000
Rainer Hüther	Deputy CEO	1/1 - 12/31/08	370,677	548,461
Antonio Arrigoni	CFO	4/1 - 12/31/08	311,907	150,000
Dr Andreas Pres	CFO	1/1 - 3/31/08	104,716	0

Stock options for Management Board Members

Furthermore, several Management Board Members received stock options in the past as a variable component of their remuneration with a long term incentive effect in the former Company, EM.TV & Merchandising AG, whose legal successor is today's EM.Sport Media AG.

In a resolution passed at Annual General Meetings of EM.TV & Merchandising AG held on July 22, 1999 (1999 options program) and on July 26, 2000 (2000 options program), respectively, the Management Board was empowered to issue a stock options program for employees and management of Group companies, following due consultation with the Supervisory Board. These options retained their validity in principle following the restructuring and merger that took place in 2004. For a description of the options program, please refer to the explanations contained in the Notes within section 5.15 Equity, under the heading Share Options from Option Programs.

As of December 31, 2008, a total of 200,000 options from the 2000 options program remained attributable to Management Board Members appointed at that time, bearing rights to a total of 27,397 shares in EM.Sport Media AG. The option rights are divided among Management Board Members as follows:

Stock options of the Management Board Members

Name	Issue	Original based price[1]	Option rights	Shares	Price per share[2]	Price per share[2]	Stock price
	Date	Euro/share	Number	Number	Tranche 1 Euro/share	Tranche 2 Euro/share	12/31/08 Euro
Bernhard Burgener	none	–	–	–	–	–	–
Rainer Hüther	1/31/02	2.28	200,000	27,397	17.48	19.14	2.50
Antonio Arrigoni	none	–	–	–	–	–	–

[1] Original base price per share of the former EM.TV & Merchandising AG upon issuance before mark-up according to the option terms & conditions and before effects from the merger
[2] Price due per share in EM.Sport Media AG upon exercising, after mark-up according to the option terms & conditions, adjustments for merger ratio of 73:10 and dilution protection due to the issuance of certificates

The option rights for the Management Board Members Werner E. Klatten and Dr Andreas Pres, who resigned in 2008, were each accordingly cancelled directly following their resignation. Due to the share price movement in the past, it was not possible to exercise any share options held by the Management Board Members. Thus, the Company is currently attributing no tangible value to the options.

Nature of other services paid by the Company

The Management Board Members are reimbursed for all out-of-pocket expenses and other costs incurred in performing tasks for the Company as well as a company vehicle made available to them for business and personal use. Moreover, the Company has concluded a Directors' & Officers' (D&O) liability insurance and an accident/invalidity insurance policy for the benefit of the Management Board Members.

Payment guarantees in the event of a change in control relating to EM.Sport Media AG

There are no payment guarantees to Members of the Management Board of EM.Sport Media AG in the event of a change in control relating to EM.Sport Media AG. Provisions of this nature included in the employment contract between Mr Hüther and EM.Sport Media AG were removed under the terms of the extension of the employment contract agreed in 2007.

Remuneration of Supervisory Board Members

The remuneration of the Supervisory Board Members is regulated by §12 of the EM.Sport Media AG Articles of Association. In addition to reimbursement of expenditures incurred, Members of the Supervisory Board also receive fixed and variable annual remuneration. The fixed remuneration amounts to 20,000.00 Euro for Members of the Supervisory Board, 30,000.00 Euro for the Deputy Chairman of the Supervisory Board and 60,000.00 Euro for the Chairman of the Supervisory Board. The fixed remuneration also takes into consideration membership (5,000.00 Euro) and chairing (10,000.00 Euro) of Supervisory Board Committees. The basis for the variable remuneration is split between the short and long term success of the Company. Remuneration is paid on a pro rata basis for resignation or entry into the Supervisory Board during the year. The remuneration of the Supervisory Board Members for the 2008 financial year is summarized as follows:

Remuneration of Supervisory Board Members

Name	Function	Period	Fixed remuneration in Euro	Variable remuneration in Euro
Dr Bernd Thiemann	Chairman of the Supervisory Board	1/1 - 12/31/08	75,000	0
Bernhard Burgener	Deputy Chairman of the Supervisory Board	1/1 - 8/31/08	30,000	0
Werner E. Klatten	Member of the Supervisory Board	9/1 - 9/8/08		
	Deputy Chairman of the Supervisory Board	9/9 - 12/31/08	13,333	0
Dr Hans-Holger Albrecht	Member of the Supervisory Board	1/1 - 12/31/08	25,000	0
Dr Erwin Conradi	Member of the Supervisory Board	1/1 - 12/31/08	25,000	0
Dr Alexander Ritvay	Member of the Supervisory Board	1/1 - 12/31/08	20,000	0
Martin Wagner	Member of the Supervisory Board	1/1 - 12/31/08	20,000	0

Mr Werner Klatten also received payments in the amount of 104,000 Euro for the months from September to December 2008 for consultancy services rendered as part of a consultancy agreement concluded with the Company.

Shares held by the Boards/Directors' Dealings

During the 2008 financial year, the Company received several notices from the Management and Supervisory Board Members concerning notifiable acquisition or disposal transactions, which were promptly announced and published on the Company's website. The Company received the following notices from:

> Dr Andreas Pres on January 31 (purchase);

> Mr Bernhard Burgener on July 24 (purchase), August 4 (purchase), September 2 (purchase) and October 7 (purchase)

As of December 31, 2008, Dr Erwin Conradi, Supervisory Board Member, and Mr Bernhard Burgener, Chairman of the Management Board, held a direct or indirect holding of shares exceeding 1 percent of share capital. Shareholdings and share entitlements associated with option rights on the part of executive members as of December 31, 2008 were as follows:

Shares held by the Boards/Directors' Dealings

Board	Name	Number of shares	Share entitlements associated with option rights
Management Board	Bernhard Burgener	3,200,000	0
	Rainer Hüther	10,000	27,397
	Antonio Arrigoni	5,709	0
Supervisory Board	Dr Bernd Thiemann	0	0
	Werner E. Klatten	33,000	0
	Dr Hans-Holger Albrecht	0	0
	Dr Erwin Conradi	5,214,500	0
	Dr Alexander Ritvay	0	0
	Martin Wagner	30,581	0

Confirmation of compliance with the German Corporate Governance Code

The Management and Supervisory Boards of EM.Sport Media AG hereby confirm that the recommendations of the German Corporate Governance Code in the version dated June 14, 2007 have been duly observed, with the exceptions stated in the Declaration of Conformity dated December 2007, and that the recommendations of the Code in the version dated June 6, 2008 have been duly observed, with the following exceptions:

> Contracts with Members of the Management Board do not prescribe a so-called severance payment cap in the event of early termination of Management Board activities without serious cause (Section 4.2.3 para. 4 and 5 of the Code).

The recommendation to include such a severance payment cap to two years in Management Board contracts was first recognized in the German Corporate Governance Code in June 2008. The contracts of Management Board Members currently in effect do not have a term of more than three years, such that a (subsequent) implementation of the recommendation did not appear to be mandatory. Upon any eventual contract extension or new contract, the application of this clause will be examined.

> There is no age limit for Management Board Members (Section 5.1.2 of the Code).

Because of the young age of the Management Board Members, the Company waived the rigid age restriction.

> The time limit for the submission of quarterly reports (interim reports) has not yet been reduced to 45 days following the end of the reporting period (Section 7.1.2 of the Code).

In respect of the accounting complexity within the Company and additional requirements in connection with the intended business combinations with Highlight Communications AG and Constantin Film AG, this time limit shall first be implemented when the optimization of internal processes can be assured so that the required sustainability and reliability can occur.

> Starting in 2009, the half-year and quarterly reports as well will each be discussed by the Supervisory Board and the Audit Committee with the Management Board before issuance (Section 7.1.2 of the Code). This was not yet the case in 2008.

The Company considers this recommendation arising in 2008 as meaningful and therefore it will be implemented starting in the 2009 financial year. For scheduling reasons, this was not possible for the 2008 half-year and third quarter reports.

The most recent version of the Declaration of Conformity with the German Corporate Governance Code, as well as previous versions, can be found on our website.

EM.Sport Media AG Stock

EM.Sport Media Stock Performance

In 2008, the German stock market and the international capital markets were impacted by the financial crisis and its repercussions on the real economy. The pressure witnessed on the stock prices was in part not substantiated on a fundamental basis, but rather the sometimes dramatic drops in stock prices largely reflected the staggering economic conditions, recessionary fears and uncertainties accelerated over the course of the year, which was also demonstrated by considerably more volatile movements in stock prices and compared to last year by lower trading volume.

All in all, the German leading index DAX receded by 40.4 percent in the calendar year 2008 and closed at 4,810 points. Even more deteriorated downturns were suffered by the German small cap index (SDAX), which itself lost 46.1 percent. Also the media stocks could not hide from these events. Fears with respect to the economic performance and slumps in the advertising markets led to considerable stock market losses. As a consequence, the German media index (DAXsector Media) closed at 62 points on December 31, 2008, down 59.5 percent.

In 2008, EM.Sport Media's share price movement was overall and along with the general developments on the stock exchange marked by a very volatile downward movement. While losses from the massive stock plunge at the beginning of the year were partially compensated by upward movements in May 2008, the share price was hurt again as was the entire market starting the middle of June 2008. Contrary to the overall market, the EM.Sport Media AG share was very stable in the third quarter. Nonetheless, the share price could not withdraw from the downwards trend sparked by the financial crisis and the general economic fears in October. As a consequence of this development, the share price fell to 1.45 Euro at the end of October, reaching a new 52-week low. Following a noteworthy recovery phase towards the end of the year, the share price closed at 2.50 Euro on the balance sheet date. As of December 31, 2008, the 52-week high stood at 3.57 Euro (January 2, 2008) and the 52-week low stood at 1.45 Euro (October 20, 2008).

Xetra closing prices of the EM.Sport Media share compared to SDAX and DAXsector Media

Comparative indices indexed to EM.Sport Media's closing price as of December 31, 2007

Although the SDAX and DAXsector Media listed company EM.Sport Media AG posted a drop of 27.1 percent during the course of the year, the share price was able to outperform the general market with a better performance than the comparative SDAX and DAXsector Media indices. The Company announced in the business year 2008 in particular the increased shareholding in Highlight Communications AG to 47.3 percent and the full consolidation of this group. Moreover, the tender offer for Constantin Film AG and the divestment of the children's and youth entertainment segment were concluded. Impairment losses and adjustments to fair value in the amount of 131.5 million Euro had to be recognized in the third quarter 2008 due to the gloomy overall economic conditions. In the further course another downturn occurred in January 2009 in line with the general market situation. Following an uptrend, the share price closed at 2.34 Euro on February 28, 2009.

During 2008, around 35.0 million EM.Sport Media shares were traded on the German stock exchanges (daily average: 0.14 million units). Accordingly and in line with the overall market performance, trading volume fell significantly against the prior year (-52.7 percent). On this basis, the turnover rate for shares outstanding over a twelve month period decreased to around 0.49 (2007: 1.01). As of December 31, 2008, the position of the EM.Sport Media share in German Stock Exchange rankings of all MDAX and SDAX listings was rank #94 (prior year: 86) in respect of trading volume over the last twelve months and rank #78 (prior year: 95) for the so-called "free-float market capitalization".

Shareholder structure as at December 31, 2008

Subscribed capital 77.9 million shares

Treasury shares [1]	7.6%
KF 15	17.1%
Dr Erwin Conradi	6.7%
MarCap	5.0%
Bernhard Burgener	4,1%
Free Float	59.5%

[1] Predominantly held via the Highlight Communications AG

Share capital and shareholder structure

The share capital of EM.Sport Media AG as at December 31, 2008 stood at around 77.9 million Euro. On June 4, 2008, the Company announced that the number of treasury shares has fallen below the 5 percent and 3 percent level, representing 0.0 percent of share capital. Following the initial full consolidation of its subsidiary Highlight Communications AG in the third quarter 2008, Highlight Communications AG's shares in EM.Sport Media AG qualify as treasury shares. On the balance sheet date, the Company held a total of 6.0 million non-voting treasury shares (7.6 percent of share capital) via Highlight Communications AG. Following the deduction of treasury shares, there were around 72.0 million shares outstanding as of December 31, 2008.

On March 18, 2008, Constant Ventures B.V. informed the Company that it holds below 5 percent and 3 percent. As of December 31, 2008, the shareholding stood at 0.0 percent of share capital.

As part of the increased shareholding in Highlight by EM.Sport Media, a portion of the Highlight package was paid by treasury shares of EM.Sport Media AG. Correspondingly, KF 15 GmbH & Co. KG informed the Company on June 3, 2008 that it holds above 15 percent. As of December 31, 2008, the shareholding stood at 17.1 percent of share capital.

Also Mr Bernhard Burgener held almost 3.0 percent of share capital in July 2008. With reference to notifications dated August 4, 2008, September 2, 2008, and October 7, 2008, as well as January 23, 2009, Mr Bernhard Burgener has increased his stake to 4.6 percent. As of December 31, 2008, his shareholding stood at 4.1 percent of share capital.

The free-float of the EM.Sport Media share rose marginally to 59.5 percent of share capital by December 31, 2008 (prior year: 57.9 percent).

Investor Relations Activities

The company aims to justify the trust of investors and the general public through timely and transparent publication of its financial reports, business activities, corporate strategy and risks and opportunities, and to sustain an open and ongoing exchange of information with participants in the capital market. Extensive information concerning EM.Sport Media AG can be found on our website www.emsportmedia.ag.

In 2008, investor relations activities were once again pursued energetically, in order to satisfy the high level of interest in EM.Sport Media AG on the part of analysts and investors during a period of turbulent stock market conditions. Financial reports were presented to analysts on a regular basis by means of conference calls. Alongside a large number of one-on-one metings with institutional investors, EM.Sport Media AG also made itself available to investors at two roadshows and an investor's conference in London, Frankfurt and Hanover. Various individual questions from private investors were also handled by our investor relations team.

Alongside participation in events for analysts and investors, it continues to be our objective to support the highest possible number of analysts. The EM.Sport Media share is currently being actively monitored by ten research institutions. In the last twelve months, the following eight institutions published studies on EM.Sport Media AG:

- Commerzbank
- Close Brothers Seydler Bank
- Deutsche Bank
- DZ Bank
- Independent Research
- Sal. Oppenheim
- Viscardi
- WestLB

Additional EM.Sport Media AG capital market securities

In line with the share price development, the price of the 5.25% convertible bond 2006/2013 as of December 31, 2008, which stood at 3.65 Euro, was below the closing price of the previous year by 27.9 percent (5.06 Euro). During the reporting year, the bond reached a high of 5.50 Euro and a low of 1.80 Euro. On February 28, 2009, the bond traded at 2.95 Euro. The convertible bonds allow conversion at a ratio of 1:1 into the same number of shares in EM.Sport Media AG. There were no conversions during 2008.

The Certificates Series 2 expired on April 18, 2008. These are covered warrants which will be serviced after exercising by existing treasury shares of the Company. Exercising of this instrument over its entire exercise period led to the issue of 0.4 million treasury shares. Shares not required to service the Certificates Series 2 have been transferred into EM.Sport Media's free-access stock of treasury shares. The company fully used these shares for the partial financing of its increased shareholding in the Highlight investment in the second and third quarters, respectively.

The stock price of Highlight Communications AG, a company of the EM.Sport Media Group, stood at 5.00 Euro as of December 31, 2008, down 42.2 percent against the prior year's closing rate (8.65 Euro). On February 28, 2009, the stock price stood at 3.99 Euro.

The stock price of Constantin Film AG, in which Highlight Communications AG holds 97.8 percent and which therewith also belongs to the EM.Sport Media Group, stood at 17.73 Euro as of December 31, 2008, down 16.8 percent against the prior year's closing rate (21.30 Euro). On February 28, 2009, the stock price stood at 19.17 Euro. In June 2008, EM.Sport Media AG announced a tender offer for Constantin Film AG at a price of 18.31 Euro per share. The tender period expired on October 27, 2008. In total, 299,862 shares (approximately 2.3 of share capital) were tendered resulting in a free-float of only around 2.2 percent of share capital.

Information of EM.Sport Media securities as of December 31, 2008

ISIN / Exchange abbreviation		
>	Ordinary share (Prime Standard Segment)	DE0009147207 / EV4
>	Highlight Communications AG share (Prime Standard Segment)	CH0006539198 / HLG
>	Constantin Film AG share (Prime Standard Segment)	DE0005800809 / CFA
>	Convertible Bond 2006/2013 (Regulated market)	DE000A0GQKR4 / VGQKR
Indices		SDAX, DAXsector Media
Closing rate 12/31/2008 / 52-week high / 52-week low		
>	EM.Sport Media AG (Xetra)	2.50 / 3.57 / 1.45 Euro
>	Highlight Communications AG (Xetra)	5.00 / 8.70 / 3.17 Euro
>	Constantin Film AG (Xetra)	17.73 / 21.99 / 15.31 Euro
>	Convertible bond 2006/2013 (Frankfurt)	3.65 / 5.50 / 1.80 Euro
Share capital 12/31/2008 (incl. conversion shares)		77.9 million shares
Outstanding shares (12/31/2008)		72.0 million shares
Potential shares in connection with conversions		
>	Convertible bond 2006/2013 (Conversion price: 5.85 Euro/Maturity: 5/8/2013)	13.9 million shares
Market capitalization (12/31/2008)		
>	EM.Sport Media AG (Xetra)	180.0 million Euro
>	Highlight Communications AG (Xetra)	232.5 million Euro
>	Convertible bond 2006/2013	50.6 million Euro

1. Business and General Conditions

1.1 Business activities

EM.Sport Media AG is an international media company based in Ismaning near Munich. On the basis of an extraordinary General Meeting held on January 28, 2009, the Company will trade under the name Constantin Medien AG in the future.

In 2008 the Company increased its stake in Highlight Communications AG to 47.3 percent. On the basis of "de facto control" (pursuant to IAS 27) exercised in Highlight Communications AG (see Note 3 of the Notes to the Accompanying Consolidated Financial Statements), the shareholding was fully consolidated as of July 31, 2008.
Highlight Communications AG is a media company based in Pratteln/Switzerland, which operates in film production, film and TV rights distribution, theatrical film distribution, video/DVD exploitation and TV production. In this connection, its main shareholding is Constantin Film AG, Munich, together with its subsidiaries. For purposes of exploiting video rights in in-house and licensed titles, Highlight Communications AG has established its own distribution organization. In Switzerland and Austria, distribution is conducted by the Rainbow holdings. Distribution on the German market is conducted by the 100 percent investment in Highlight Communications (Deutschland) GmbH in cooperation with Paramount Home Entertainment.

Moreover, the Highlight group is also active in the Sports- and Event-Marketing Segment through its investment in Team Holding AG, Lucerne/Switzerland.

Following the full consolidation of Highlight Communications AG, the EM.Sport Media Group's segment reporting now comprises the following segments:

The **"Sports" Segment** continues to comprise television activities with the free-TV station DSF Deutsches SportFernsehen, the online activities (primarily the online portal Sport1.de) and the activities of the PLAZAMEDIA group (PLAZAMEDIA in Germany, Austria and Switzerland together with the creative agency CREATION CLUB) in the production sector.

The two new segments – "Film" as well as "Sports- and Event-Marketing" – are reported as follows:

The **"Film" Segment** combines the activities of Constantin Film AG and their subsidiaries as well as the Highlight holdings Rainbow Entertainment. The Constantin group is the major independent German producer and distributor of theatrical films, video/DVD and television films. The operations of Constantin Film AG encompass the production of films and the exploitation of in-house productions and acquired film rights. In exploiting film rights, all steps along the exploitation chain are utilized starting from theatrical to video/DVD platforms and up to television. In-house film productions are normally distributed worldwide, while third-party productions are essentially distributed in German-speaking countries. In addition, the Constantin group creates fictional and non-fictional productions for TV stations.

The **"Sports- and Event-Marketing" Segment** comprises the activities of Team Holding AG, an 80 percent shareholding of Highlight Communications AG, which markets the UEFA Champions League as its main project via its subsidiaries. Additional distribution projects include, among others, the UEFA Cup, which will be renamed to UEFA Europa League starting with the 2009/2010 season, the Eurovision Song Contest and the Vienna Philharmonic Orchestra.

The **"Others" Segment** continues to include the activities of the holding company EM.Sport Media AG and the financing activities of EM.TV Finance B.V.

1.2 Group structure

As the parent company, EM.Sport Media AG, is the controlling holding company and responsible for the strategic control of the Group, as well as central functions such as Human Resources, Accounting, Legal, Corporate Finance, Corporate Communications and Investor Relations.

EM.Sport GmbH functions as the controlling parent company of the subsidiaries in the Sports Segment and is owned 100 percent by EM.Sport Media AG. In turn, it holds 100 percent of the shares in DSF Deutsches SportFernsehen GmbH and PLAZAMEDIA GmbH TV- und Film-Produktion, respectively, 99 percent of Sport1 GmbH and 80 percent of Kupferwerk GmbH Human Interface Engineering. Furthermore, PLAZAMEDIA has shareholdings in other Group subsidiaries that include the wholly-owned companies CREATION CLUB (CC) GmbH, PLAZAMEDIA Austria Ges.m.b.H. and PLAZAMEDIA Swiss AG.

EM.Sport Media AG fully consolidates its 47.3 percent shareholding in Highlight Communications AG. Highlight Communications AG is a stock corporation under Swiss law and has been listed on the Frankfurt Stock Exchange since 1999.

Constantin Film AG is also a listed stock corporation on the Prime Standard Segment of the Frankfurt Stock Exchange. The major stockholder, Highlight Communications AG, initiated a "Squeeze-out" request on Constantin Film AG by letter dated December 2, 2008 and pursuant to § 327a para. 1, clause 1 AktG declaring the transfer of shares of all other minority shareholders against the granting of a reasonable cash compensation. On March 2, 2009 this was formalized through notification to Constantin Film AG that Highlight Communications AG would pay the minority shareholders a cash compensation of 17.64 Euro for each Constantin share held for the transfer of the shares. Constantin Film AG will propose this for approval at its Annual General Meeting scheduled for April 21/22, 2009.

1.3 Overall economic conditions in 2008

The German economic development significantly lost dynamics in 2008. This was most evident in the fourth quarter during which the international financial crisis substantially increased. According to preliminary predictions, growth in the German gross domestic product (GDP) contracted to 1.3 percent in 2008 following 2.5 percent the year before. A considerable drop in the GDP was posted in the fourth quarter once fractures in the financial economy overlapped to other industries thus intensifying the general economic downswing. Positive impulses were felt in capital investments as well as from higher federal demand, which had demonstrated a falling tendency over the course of the year. In contrast, the decreasing exports economy had a curbing effect.

At the end of 2008 national economies in other important industrial nations were either in a state or on the verge of a recession. In anticipation of a hefty economic downturn, companies and consumers were less willing to spend. The growing intensity of the financial crisis led to extensive guarantee and support measures being undertaken by governmental institutions to aid the financial system. These measures were intended to counter restrained credit issuance by financial institutions due to the crisis. Global GDP growth was estimated at only 3.4 percent for 2008 after a rise of 5.2 percent in the previous year. Growth predictions for the European Union stood at 1.3 percent after 3.1 percent in 2007.

Sources: European Central Bank, January 2009 Monthly Report, Press Release of the Federal Agency of Statistics dated January 14, 2009, International currency funds, World Economic Outlook, January 2009

1.4 Sector-specific conditions

1.4.1 Sports

The economic downswing in 2008 led to an increasingly difficult market environment for the Sports Segment.

Television: In the TV sector, conversion of marketing models conducted by leading German TV air-time marketers at the beginning of 2008 and the overall economic pace during the reporting year led to a stagnant performance. Nevertheless, gross advertising revenues from the German TV market grew by 4.5 percent to 9.1 billion Euro (Source: Nielsen Media). However, this gain was not reflected in the net advertising revenues, which were evened out by fierce price competition from some smaller broadcasters offering corresponding higher discounts. The booking willingness by the advertising industry marginally rose at year end without changing the overall trend for the year.

Production services: The German production market recorded the lowest growth rates in 2008 on a European scale, but remained Europe's second largest media market behind Great Britain. This was caused by repercussions from the economic upheaval, which forced many companies in technology, media and telecommunications into a savings-mode and to optimizing existing structures and processes.

Besides these far-reaching structural changes, the sector was marked by consolidation of the pay-TV market as well as higher price pressure in 2008. This was witnessed by reduced use of technics and overall lower production spendings. Due to lower technical costs, the market entry barriers dropped for new participants, which additionally amplified competitive pressure. Nonetheless, demand for digital special interest channels and innovative media products continued to grow. Long-standing experience, highly innovative and technological standards and size remain to be success factors on the market.

Online: The classic gross advertising costs of the German online advertising market stood at around 1.9 billion Euro according to forecasts of the sector association OVK (Online-Vermarkterkreis im Bundesverband Digitale Wirtschaft e.V.). This correlates to an increase of about 26 percent against the previous year. But a sizable weakening in growth arose in the second half of the year due to the financial crisis and economic downturn. In December advertising spendings were even marginally below the same month last year. On a net basis, the OVK predicted a rise in classic online advertising, which is the relevant advertising segment for Sport1, of about 10 percent for 2008.

1.4.2 Film

Theatrical production: The most important global market for independent films is the American film market, which was characterized by a screenwriters' strike in Hollywood starting in 2007 and continuing into 2008, by union strike of organized actresses and actors and during the year and by the impact of the financial crisis on the financing ability and willingness of studios and investors. In general, this market is plagued by a lack of good films.

TV service production: In 2008 both private and public TV stations in Germany tightened their cost management for fictional and in particular non-fictional service productions. This, too, was due to the downward movement of the overall economy and the restrained TV advertising market. The tight cost controls put severe pressure on the budgets for TV service productions, especially on smaller production companies. And of course, this was further affected by the difficult economic conditions experienced by some leading German media companies, which are of primary relevance to the service production sector.

Theatrical distribution: In 2008 the film sector once again defended its reputation as a relatively crisis-proof industry. Sales revenues in most of the key film markets of the world either reached their prior year's sales or even posted an improvement. In Germany, too, the film year progressed well during 2008 despite the financial crisis and economic downswing. The number of box office admissions saw a 3.2 percent jump to 129.4 million compared to the previous year. Particularly successful and high-quality German film productions largely contributed to this performance. The general optimism of the film industry is also demonstrated in the fact that the number of theater closures was at a slower pace than in the previous year.

Home Entertainment: The sector for home entertainment offers witnessed a positive performance in Germany at the end of the third quarter, but then was overshadowed in the fourth quarter due to the accelerated economic downturn. Overall, sales were slightly under the prior year's level. The conventional DVDs were hit the hardest by the staggering economic performance which also suffered from price-dumping by retailers. The optical storage medium Blu-ray introduced on the German market in 2007, continued its market penetration into the reporting year, thus reaching a sales share of 3.0 percent on the sell-through video market.

TV license trading/TV exploitation: The world of television is undergoing a strong transformation. New trends, such as stop functions, but that allow the TV program to continue recording, make the viewer independent from strict broadcasting schedules. Conventional television, especially advertising-financed, continues to suffer pressure from Internet offers. Although Germans still watched 207 minutes of television per day in 2008 (2007: 208), 14 to 19 year-olds increasingly spent more time on the Internet, however. Even the older generation spends more time on the Internet. The use of mobile TV, which permits the transmission of ever-larger data quantities, has accelerated even more. Telephones, such as the iPhone, are increasingly becoming more of a multimedia center with television possibilities. Another threat to the traditional television includes offers from telecommunications and cable companies offering the combination of their own programming to the consumers.

1.4.3 Sports- and Event-Marketing

In 2008, European top soccer continued to be an economic growth market. In the 2007/2008 season the 20 clubs with the most revenues posted sales growth of 6 percent amounting to about 3.9 billion Euro. This translated into a three-fold increase in revenues from the top 20 European clubs since the 1996/1997 season. The main growth driver during this period was revenues from the marketing of TV rights.

Source: 12th Deloitte Football Money League 2009

1.5 Material legal factors

As an internationally operating company, the activities of the EM.Sport Media Group are subject to the jurisdiction of numerous domestic and foreign legal systems.

As publicly-listed companies, EM.Sport Media AG as well as its subsidiaries Highlight Communications AG and Constantin Film AG are subject to substantial regulatory requirements in the preparation and publication of their financial statements.

Within Germany, this particularly includes state media laws whose observation is monitored by the individual media institutions from each German Federal State. DSF falls under the jurisdiction of the Bayerische Landeszentrale für neue Medien (BLM, Bavarian Regulatory Authority for Commercial Broadcasting). DSF holds a broadcasting license until 2015.

During 2008 regulations from the Commission for the Protection of Minors in the Media (KJM) prescribed by the individual state media institutions were of relevance at the media law level, thus causing DSF to completely revise and adjust the contents of its teletext.

The sports betting market in Germany remains regulated. With the new state gambling treaty coming into effect as of January 1, 2008, EM.Sport Media AG assumes that no new sports betting providers will be able to be established in Germany for the time being.

Film promotion by the Deutscher Filmförderfonds (DFFF, German Federal Film Fund) is of great importance for Constantin Film AG. In 2008 the impact from the promotion of film productions in Germany had a total volume of all in all 362 million Euro.

1.6 Market research and development

Market and TV audience research continues to be the ongoing basis for DSF monitoring the viewer appeal of its program line-up, developing new formats and thus ensuring that program schedules accurately reflect viewer preferences. DSF is a licensee of the Arbeitsgemeinschaft Fernsehforschung (Television Research Consortium), which commissions the Gesellschaft für Konsumforschung (GfK, Consumer Research Association) with ongoing viewer research.

In 2008 the relaunch of the website www.dsf.de was of particular importance to DSF. Editorial offers are also supplemented by diverse Web 2.0 elements as well as blogs and communities. In addition, DSF successively reformatted the TV picture size from 4:3 to 16:9; thus the station accommodates the increasing spread of the widescreen TV format.

Since innovation counts among the strategic success factors in the production service business, the PLAZAMEDIA group puts enormous technical effort into the further development of its technological capabilities. Hence, PLAZAMEDIA is one of the trailblazers for high definition television (HDTV) and is a leader in developing highly specialized camera systems. The increasing digitalization in the media sector is covered by PLAZAMEDIA via its digital service-platform eCenter, which offers comprehensive solutions for efficient production, administration, archiving and distribution of multimedia content.

1.7 Controlling system and performance indicators

1.7.1 Group controlling

The Management Board of EM.Sport Media AG is responsible for the strategic course and the control of the Group. With respect to the Group companies of the Sports Segment, the operational responsibility underlies the particular managing directors of each subsidiary. The controlling of the companies within this segment is conducted through shareholders' meetings, advisory boards or similar bodies.

Highlight Communications AG as a stock corporation subject to Swiss law and Constantin Film AG as a stock corporation under German law are autonomously managed by the Board of Directors and the

Management Board, respectively. As a shareholder, EM.Sport Media AG exercises control in the Highlight group by means of its 47.3 percent interest.

1.7.2 Financial performance indicators

Sales, earnings and cash flow ratios represent the key control indicators of operating performance within the EM.Sport Media Group. For purposes of controlling and classifying the return on capital, other financial ratios are calculated several times per year, including return on equity and return on assets, which are then benchmarked against other companies.

In addition, other key financial ratios are calculated, such as earnings before interest and taxes (EBIT) and the return on sales (EBIT margin).

1.7.3 Non-financial performance indicators

Beyond the financial key control indicators, non-financial performance indicators arising from the specific requirements of the particular business model are also responsible for the Company's performance. Following the full consolidation of the Highlight group, a differentiation between segments occurs regarding the non-financial performance indicators.

1.7.3.1 Sports

Access to sports rights: In order to maintain and build upon market share in the core target group, access to and availability of attractive sports rights are very important factors to DSF. A stable market share is a prerequisite for triggering advertising revenues. Therefore, it is of great importance that the TV station is to be considered in the process of awarding such sports rights. This is particularly relevant in respect of the broadcasting of soccer matches. Access within this sector is also dependent upon factors such as convincing programming concepts, a solid financial basis and a close-knit contact network with decision makers.

Innovation capability: The success of PLAZAMEDIA is largely dependent upon their ability to offer their clients high-quality and innovative services in outside, studio and post production, as well as in New Media, broadcasting and creative services. These business sectors are heavily technology-driven. Therefore, innovative and forward-looking production technologies frequently offer a decisive advantage in competition.

With regards to the significance of digitalization and the dynamic development of the market, the further development in terms of own technology and contents of in-house and new content platforms as well as multimedia applications represent a distinct advantage in competition and is therefore essential to the success of the Group's online activities.

Capacity capabilities: In order to keep up with international competition, capability in production volume is of crucial significance. In 2008 PLAZAMEDIA produced and processed a total of about 160,000 programming hours, thus proving that the company is moving at a high international standard.

Editorial expertise: In order to achieve an appropriate level of viewer and user ratings, which form the basis for generating advertising revenue, DSF and Sport1.de must guarantee attractive and expert journalistic reporting of sports events. For the acceptance of viewers and internet users, as well as for the granting of necessary regulatory approval, the extent of the TV station's and online portal's sports expertise and journalistic credibility is decisive. Thus, the recruiting, advancement and maintaining of well-trained, expert, committed and creative employees in the editorial team are key factors of success.

Technical coverage: The attractiveness of DSF as a platform for advertisers is dependent upon the TV station’s technical coverage (terrestrial, via cable and satellite). Currently, DSF coverage extends to almost 94 percent of all accessible households in Germany, which means that it can be received virtually area-wide.

1.7.3.2 Film

Access to attractive subjects: Appealing topics and subject matter as well as their professional distribution are of decisive importance for the economic success of film and TV productions. Constantin Film AG has a decade-long and close contact network with renowned and experienced screenplay authors, directors and producers nationally and internationally which have extensive know-how in the development and realization of fictional and non-fictional subject matter. For the Constantin Film AG it is important to have the ability to offer a wide repertoire of various genres and TV formats.

A sign of Constantin Film AG's particular expertise in film development and production is revealed in the fact that 6 of the top 10 German blockbusters of the last 20 years were produced or co-produced by Constantin Film AG; 23 of the top 50 German theatrical films since 1988 were released to theatres by Constantin Film AG. 14 of the 30 most successful German theatrical films of the past 10 years were distributed by Constantin Film AG. (Source: Top 50 List since 1988, SPIO statistics)

1.7.3.3 Sports- and Event-Marketing

Marketing of rights: Essential to the Sports- and Event-Marketing Segment's success is the ability to market attractive, and generally internationally exploitable rights. Close-knit and trustful business relations with the rights owners are prerequisites for this.

1.8 Key elements of the remuneration system

The remuneration of the Management Board Members of EM.Sport Media AG is the responsibility of the Supervisory Board. Remuneration arrangements meet the requirements of the German Stock Companies Act and the recommendations and suggestions of the German Corporate Governance Code.

The remuneration paid to Members of the Management Board is based on a combination of fixed and variable components. The variable components comprise of one-time elements awarded by the Supervisory Board for outstanding performance and elements pegged to the financial results of the Group and its subsidiaries. The amount of the variable components is determined by the Supervisory Board.

As a long-term incentive, one Member of the Management Board and other key executives of the Group are also entitled to stock options from the Stock Option Program.

For details concerning Management Board remuneration and share options please refer to pages 15 and 16 of the Corporate Governance Report and Note 14.4 of the Notes to the Accompanying Consolidated Financial Statements.

Remuneration for Supervisory Board Members is regulated by the Company’s Articles of Association. In addition to the fixed component, the Members also receive components based on the long-term success of the Company as recommended in the German Corporate Governance Code.

For details regarding the remuneration of Supervisory Board Members, please refer to pages 16 and 17 of the Corporate Governance Report and Note 14.4 of the Notes to the Accompanying Consolidated Financial Statements.

1.9 Business performance of the segments

1.9.1 Sports Segment

In the television division, DSF maintained the 2008 sales at a constant level despite the general economic downturn and regulatory intervention in teletexting in the previous year. This was also the case for classic advertising income (classic spots, sponsoring and special advertising formats) and diversification income (added-value services, DRTV and call-in), which remained stable. In contrast, earnings were at a record high being even more than the previous year's very solid figure and surpassing expectations.

The financial upheaval and related deteriorated macroeconomic conditions in the fourth quarter did not yet have a significant impact on the performance for the entire year. The advertising campaigns booked for the pre-Christmas period were executed as scheduled.

As anticipated, DSF's market share in 2008 stood at 0.9 percent and thus under the prior year's figure of 1.1 percent (base: total viewers). This was caused by the UEFA EURO 2008™ and the Olympic Games, which were broadcast by the public broadcasters. DSF's strongest viewer formats were the live transmissions of national and international soccer matches with a market share of more than 6 percent. During the reporting year, the station expanded the Bundesliga broadcasting space by two additional programs of the established formats of "Bundesliga aktuell". The extension of the news reporting enjoyed very positive feedback from the viewers, as announced by the market research agency SPORT+MARKT in its published 2008 Sports Sponsoring study, in which DSF was evaluated as the most competent private sports broadcaster.

DSF further strengthened its rights portfolio during 2008: The main new acquisition was the initial rights in free-TV to the 2nd German Soccer Bundesliga matches for the upcoming four seasons starting with the 2009/2010 season featuring the highlights on Fridays and Sundays matches as well as the Monday live-game. In motorsports, broadcasting rights to Formula 1 were secured until 2010, as well as exclusive rights to MotoGP until 2011 (17 racing weekends each per season). Moreover, extensive exploitation rights were acquired for the Ice Hockey World Championships until 2011, for the Basketball European and World Championships until 2011 and the tennis tournaments in Wimbledon until 2010.

At the start of the 2008/2009 Bundesliga season, a very successful relaunch of website www.dsf.de was conducted. The innovative online portal comprises of six main channels that extend the TV programs in the web and are based on moving images content. Thereby the main focus is on the successful DSF formats "Doppelpass", "Bundesliga aktuell", "Hattrick – 2. Liga", motorsports, poker and sports. Diverse Web 2.0 elements such as blogs and communities supplement the spectrum of offers.

In 2008 the market for production services was characterized by stringent cost awareness by producers and broadcasters. Consequently, sales and earnings of the PLAZAMEDIA group were below the previous year and expectations. In addition, the third quarter was burdened with special items on the results of operations incurred from adjustments to current and non-current assets necessitated by the deteriorated overall economic environment.

As the largest German sports production provider, PLAZAMEDIA countered these market developments by means of widening the customer base, developing new formats and continuing to push forward internationalization. Thus, the company acquired an entire line of high-quality, international projects in 2008, such as the most important Turkish cycling race – the "44th Presidential Cycling Tour of Turkey 2008".

Programming highlights of the year included the UEFA EURO 2008™, in which PLAZAMEDIA was the only German team of four Venue Teams under contract to the UEFA. In all, 163 employees and 90 highly specialized camera systems were in action. Furthermore, PLAZAMEDIA secured productions for five qualifying games in Liechtenstein and Moldavia, respectively, with regard to the 2010 FIFA World Cup™.

The PLAZAMEDIA subsidiary CREATION CLUB secured Tele 5 and N24 as new clients and further expanded its cooperation with Red Bull. Thus, the month of February saw the transmission of the monthly online magazine "W.O.R.B. World of Red Bull". Together with its client CREATION CLUB developed, designed the entire graphic contents and also produced the TV magazine "W.O.R.B." in English in HDTV.

Another building block towards the internationalization of the entire PLAZAMEDIA group was the start of the operational activities of PLAZAMEDIA Swiss on October 1, 2008.

Of growing importance for PLAZAMEDIA is the digital platform eCenter, newly installed in 2007. This platform offers customers comprehensive solutions for efficient production, administration, archiving and distribution of multimedia content. In 2008 the eCenter's function capabilities were increased, in which next to business-to-business solutions, business-to-consumer solutions are also offered. Furthermore, the offers in the New Media field were expanded, for example, in the area of Internet TV.

In 2008 the online activities of Sport1 included the comprehensive restructuring of the company and redesigning of the website Sport1.de. This was triggered by the substantially fiercer competition in the sports online market and the lasting high dynamic of the Internet medium. As part of the reorientation Mr Jan Schwark succeeded Mr Patrick Zeilhofer as managing director with effect from February 16, 2008. And effective August 1, 2008, Mr Thomas Port was appointed as second managing director of Sport1.

In August the relaunch of Sport1.de in terms of content and technology was executed. Since then the website is presented in a new design with improved user-friendliness and significantly extensive interactive contents. In addition, the offers in moving images and the interfacing of text, picture and video were intensified. Starting with the expansion, the number of hits developed quite positively: In video downloads alone, Sport1 posted a rise of 365 percent in 2008.

In the automobile, sports products or finance fields, the long-standing cooperations with existing partners were pushed forward and new international brands were acquired. As well as in the areas of content-syndication and services, the long-standing partnerships with Internet providers, mobile communications companies, TV stations or sports associations were also pushed ahead.

Collaboration with the online marketer Mediasquares was terminated in 2008. Simultaneously, a cooperation was launched with the newly formed, Group's own distribution company AdImpulse Media GmbH which distributes classic online media and is responsible for special advertising formats and sponsoring. Thomas Port and Jan Schwark are the managing directors of the company.

Subsequently, sales posted by Sport1 for 2008 were behind those of the previous year due to the outsourcing of distribution activities to AdImpulse Media. Earnings were also lower than in 2007.

1.9.2 Film Segment

Theatrical production: Constantin Film AG and its subsidiaries regularly have 50 to 70 German and English film projects in the stage of development. Rights to make further films are also purchased and developed on an ongoing basis. This means that the company is well-prepared for future production assignments. 2008 saw the start of the shooting of 13 in-house and co-productions, including "Männersache", the first theater film from and by the comedian Mario Barth; "Pope Joan", based on the international bestselling book of the same name from author Donna W. Cross; and "Wickie und die starken Männer", Michael Bully Herbig's most recent film.

TV service production: Because of the growing difficult market conditions for fictional and non-fictional service productions, it was also difficult for Constantin Film AG to attain satisfactory earnings in the TV service production field in 2008. Consequently, sales were slightly below the prior year's figure. Nonetheless, pleasing ratings were reached from many productions keeping the service production area on course on the whole. Among the production highlights for the year were: the Sat.1 service production "Bis dass der Tod uns scheidet" (via Constantin Television GmbH, a 100 percent Constantin subsidiary), "Das Wunder von Loch Ness" (for Sat.1, via Rat Pack Filmproduktion GmbH, a Constantin shareholding) and the three-part ZDF documentary "Krupp – Eine deutsche Familie" (via the affiliated company MOOVIE – the art of entertainment GmbH).

Theatrical distribution: In 2008 Constantin Film AG generated sales from theatrical distribution in Germany slightly below the previous year's figure. However, in comparison with 2007, a positive trend in the German theatrical industry was again visible. Despite the sizable overall economic turbulences, which notably impacted the media sector and will make the financing and exploitation of film projects tougher in the future, the 2008 film year closed with a sales gain over the previous year. This was helped by the increasing quality and attractiveness of German films, in which the Constantin Film productions "The Baader Meinhof Complex" and "The Wave" had a great part. Constantin Film AG released 13 films to German theatres in 2008: nine of them were in-house or co-productions and four were licensed films. In all, they generated a total of almost 10 million admission tickets. Five of the Constantin in-house and co-productions attracted more than one million viewers to cinemas respectively: "The Wave", "The Baader Meinhof Complex", "Asterix bei den Olympischen Spielen", "Freche Mädchen" and "Hanami – Kirschblüten".

Home Entertainment: This field continues to enjoy a stable environment, reaching the planned targets in 2008. Constantin Film AG succeeded in further expanding the in-house marketing of the home entertainment programs that is carried out in German-speaking countries by the parent company, Highlight Communications AG, in cooperation with Paramount Home Entertainment. The market share of the DVD sell-through market, reached by the distribution partners together in Germany, amounted to 10 percent and thus to the same level as in the previous year. Meanwhile the market share by sales value on the DVD rental market even grew from 11 percent to 14 percent. In Austria and in Switzerland the respective Rainbow holdings, with their high-quality first time releases and a number of second utilizations, reached market shares amounting to 11.5 and 16.7 percent, respectively.

License trading/TV exploitation: In 2008 Constantin Film AG succeeded in generating high-margin revenues in a fundamentally-changing environment for classic television, especially in the licensing of German TV rights for free-TV and pay-TV from films such as "The White Massai", "Elementarteilchen", "Siegfried", "The Bridge to Terabithia", "Ask The Dust", "Handbuch der Liebe", "Der Räuber Hotzenplotz", "Herr Bello", "Die Wilden Hühner und die Liebe" and "Wrong Turn 2".

The framework licensing contract for the exploitation of the pay-TV rights to the Constantin in-house and co-productions between Constantin Film AG and Premiere as well as with Disney Channel, Germany, runs for all productions which started shooting until December 31, 2008. The output framework agreement for in-house and co-productions with ProSiebenSat.1 Media AG was extended for another year at the end of 2008 – this includes all productions which start shooting until December 31, 2009.

1.9.3 Sports- and Event-Marketing Segment

The first priority for the Highlight subsidiary TEAM for the reporting period was the sale of commercial rights to the UEFA Champions League and the UEFA Cup (in future UEFA Europa League) for the 2009 /2010 to 2011/2012 seasons. Thus despite ever increasing turmoil on the financial and economic markets, TEAM, on behalf of UEFA, succeeded in posting contracts which matched the ambitious targets and often even surpassed them.

Hence, in spring 2008 the present partners ITV (free-TV) and Sky (pay-TV) had already been awarded for platform-independent media rights in England. Thereafter, the partnership with the pay-TV station Premiere in Germany was extended. As a result, Premiere will continue to transmit all games of the UEFA Champions League on its pay-TV platform also in the future. The free-TV rights were given to the ProSiebenSat.1 group, whereby the agreement encompasses 17 matches of the UEFA Champions League and the top matches of the UEFA Cup. During the course of the year, rights were commissioned in the other European top markets in Spain, Italy and France.

At the operational level, TEAM's first priority was on the professional development of the knockout rounds of the UEFA Champions League 2007/2008 season – with the final between Manchester United and FC Chelsea in mid-May in Moscow being the eagerly awaited peak of this competition. Where the media alone was represented with 400 accredited journalists, 180 photographers and 200 TV and radio commentators provided a global live reporting of this event. The final match of the UEFA Cup, too, which was broadcast on May 14 between Zenit St. Petersburg and the Glasgow Rangers, experience a worldwide echo.

In the music marketing area, the TEAM activities mainly focused on the Eurovision Song Contest – the Highlight subsidiary has been responsible for the distribution since 2004 as the exclusive partner of the European Broadcasting Union (EBU). This traditional event, which took place during mid-May in Belgrade and was broadcast for the first time over three evenings (two semifinals and the finale), included the participation of 43 countries this year – a record high. Public interest continued to be very high with more than 100 million TV viewers and 2,000 journalists on site.

The second priority in the music area was on the implementation of the marketing agreement with the Vienna Philharmonic Orchestra. The main focus was awarding the TV and radio rights for the 2009 New Year's Concert. The number of countries in which the concert was broadcast increased worldwide from 54 to 72; 51 of these countries experienced a live transmission of the Vienna Philharmonic Orchestra.

2. Results of Operations, Financial and Net Assets Positions

2.1 Basis of accounting and reporting presentation

EM.Sport Media AG prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS). The preconditions specified in § 315a of the German Commercial Code (HGB) for the preparation of the consolidated financial statements in accordance with IFRS – as applied by the EU – have been duly met. The consolidated financial statements have been supplemented by additional notes and by the Group Management Report. The separate annual financial statements of EM.Sport Media AG have been prepared in accordance with the German Commercial Code (HGB).

The assets and liabilities of the Entertainment Segment were deconsolidated upon divestment as of July 18, 2008. Therefore, the consolidated balance sheet as of December 31, 2008 shows only those assets and liabilities for the discontinued operations of Life On Stage GmbH (refer to Note 5.12 of the Notes to the Accompanying Consolidated Financial Statements).

The Combined Group Management Report and the Management Report of EM.Sport Media AG has been prepared in accordance with the provisions under § 315 HGB and agrees with the requirements and recommendations of the German Accounting Standard No. 15 (DRS 15) issued by the German Accounting Standards Committee e.V.

2.2 Changes in the shareholding portfolio

Increase in Highlight Communications AG shareholding

EM.Sport Media AG increased its shareholding in Highlight Communications AG in successive steps to a consolidating stake of 47.3 percent during 2008. At the end of March 2008, the Company took over around 5.3 million Highlight shares, which corresponds to around 11.3 percent of capital stock, from KF 15 GmbH & Co. KG. EM.Sport Media paid a cash sum of about 34.9 million Euro for the shares as well as about 4.3 million treasury shares. The transaction was approved by the respective authorities at the beginning of May and was executed on May 29, 2008. Accordingly, this move increased the shareholding to about 37.6 percent.

In July 2008, the Company additionally acquired about 4.6 million shares in Highlight Communications AG from Mr Bernhard Burgener and from other executives and Board Members of the Swiss media company against payment of 26.8 million Euro in cash and a total of around 3.7 million treasury shares of EM.Sport Media AG. This move increased the stake in Highlight Communications AG to 47.3 percent.

Divestment of the Entertainment Segment

On May 29, 2008, the Company agreed to sell the Entertainment Segment (children's and youth programming) to the Belgian media company Studio100. Following approval by the antitrust authorities in charge as well as the Bavarian Regulatory Authority for Commercial Broadcasting (BLM) and the Commission on Concentration in the Media (KEK), respectively, the sale was executed on July 18, 2008. The EM.Sport Media AG Group deconsolidated this segment as of that date.

Due to the negative changes in net working capital of the disposed companies, a purchase price adjustment was made at the beginning of 2009. In total, the purchase price now amounts to 45.0 million Euro. Furthermore, EM.Sport Media AG still retains future proceeds from claims against the insolvency administrator of KirchMedia GmbH & Co. KGaA i.I. amounting to around 2.5 and 4 million Euro.

Investment in WIGE MEDIA AG

At the end of January 2008, EM.Sport Media AG acquired a stake of 15 percent in WIGE MEDIA AG, Cologne. Together with its partners, WIGE MEDIA realizes high-quality sports, music, show and cultural events.

Formation of AdImpulse Media GmbH

In April 2008 AdImpulse Media GmbH, Ismaning, was formed. The company is an online portfolio marketer of classic media and special advertising formats on the German online market. Among others, its customers include Sport1.de. EM.Sport GmbH, a 100 percent subsidiary of EM.Sport Media AG, held 100 percent in the share capital of AdImpulse Media GmbH as of the balance sheet date. In January 2009 EM.Sport GmbH sold 2 percent of its shareholding in AdImpulse Media GmbH to Mr Thomas Port, managing director of AdImpulse Media GmbH.

Formation of TRIDEM SPORTS AG

Also in April 2008, the sports rights agency TRIDEM SPORTS AG, Wollerau/Switzerland, was formed. The company is an independent full service sports rights agency specializing in the international – starting in German-speaking countries – marketing of sports rights, mainly outside of the soccer sector. TRIDEM SPORTS AG's share capital is held 80 percent by EM.Sport Media AG and 20 percent by Mr Christian Pirzer, a member of the board of directors and CEO of this company.

Deconsolidation of EM.TV Sport Management GmbH

EM.TV Sport Management GmbH, active in the sports betting field, has been included in the consolidated financial statements since 2005, because EM.Sport Media AG held an option to tender 90 percent of the shares and voting rights. In the meantime, EM.Sport Media AG has terminated its financial support and all option agreements. Consequently, this former Group company was deconsolidated on May 31, 2008.

Formation of DSF Internet GmbH

DSF Deutsches SportFernsehen GmbH formed DSF Internet GmbH in August 2008. DSF Deutsches Sport Fernsehen GmbH holds 100 percent in the capital stock of DSF Internet GmbH. The company operates the Internet portal of DSF.

Formation of PLAZAMEDIA Swiss AG

PLAZAMEDIA GmbH TV- und Film-Produktion formed PLAZAMEDIA Swiss AG in August 2008. PLAZAMEDIA GmbH TV- und Film-Produktion holds 100 percent of the capital stock in PLAZAMEDIA Swiss AG. The company's business activities are those of PLAZAMEDIA GmbH TV- und Film-Produktion and limited to the Swiss region.

2.3 Overall assessment of the financial year

The full consolidation of Highlight Communications AG executed as of July 31, 2008 had a significant impact on the consolidated balance sheet, consolidated profit and loss account, consolidated cash flow statement and on the Group segment reporting of EM.Sport Media AG. Consequently, a direct comparison of balance sheet figures as of December 31, 2008 and December 31, 2007 is only possible to a limited extent. A comparison of profit and loss and cash flow statements with those of the same periods last year is also either not possible or possible only to a limited extent.

General assessment

Through the full consolidation of the Highlight group, the EM.Sport Media Group emerged with a new structure and of a new dimension since 2008. Group sales totalled 384.6 million Euro following 230.7 million Euro the year before. The balance sheet total as of December 31, 2008 reached 719.7 million Euro, which was nearly twice as much as in the same period last year (376.9 million Euro).

The operating performance in the three Segments Sports, Film as well as Sports- and Event-Marketing progressed on a positive note on the whole despite the increasingly difficult market conditions. In spite of this, market-caused impairment losses and fair value adjustments led to a substantial net loss amount.

Market-caused valuation adjustments in the third quarter

The deterioration of the overall economic conditions and the Group's business framework conditions caused the Management Board to correct its assumptions and estimates for future business development in the quarterly report as of September 30, 2008. Arising from changes to the corresponding business plan, impairment losses and fair value adjustments were incurred, which significantly impacted the net assets and results of operations position of the EM.Sport Media Group in 2008.

This is detailed as follows:

- impairment losses on capitalized goodwill arising from the acquisition of the shareholding in Highlight Communications AG (88.3 million Euro);
- revaluations of intangible assets, tangible assets (e.g. technical equipment), receivables, other financial assets and liabilities (24.7 million Euro);
- revaluation reserves expensed immediately (14.5 million Euro).

Therefore, the valuation adjustments recognized to profit or loss sum up to 127.5 million Euro. In addition the financial result was affected by an extraordinary write-down of about 4.0 million Euro incurred from the revaluation of the 5.25% convertible bond 2006/2013.

2.4 Segment performance

Following the full consolidation of Highlight Communications AG, the Group's segment reporting changed substantially in comparison with the previous year. In addition to the established Sports and Others Segments, two new Segments, Film as well as Sports- and Event-Marketing, have been added (see Note 1.1 of this Group Management and Management Report).

For 2008, the **Sports Segment** posted sales of 217.7 million Euro against 230.6 million Euro in the previous year. This decline of 5.6 percent primarily relates to the production company PLAZAMEDIA. But DSF and Sport1, too, posted marginally lower sales. The result for the Sports Segment reached 6.2 million Euro falling behind the prior year's amount of 24.1 million Euro. The pleasing increase in the earnings of DSF was offset by a decline in the earnings of PLAZAMEDIA and Sport1. The earnings postion of PLAZAMEDIA was affected by write-downs to tangible assets and current assets as caused by the significantly worsened market conditions.

The **Film Segment** posted sales of 147.9 million Euro in 2008, which covers the period of full consolidation of the Highlight group from August 1 to December 31, 2008. The segment result came in at -64.4 million Euro, which was considerably impacted by impairment losses and fair value adjustments as a reaction to the deteriorated macroeconomic conditions. In contrast, Constantin Film AG, as the most significant Group company within this segment, posted satisfying operating figures for the financial year.

The **Sports- and Event-Marketing Segment** posted sales of 18.9 million Euro for 2008, which also covers the period from August 1 to December 31, 2008. The segment result of -31.5 million Euro was also caused by valuation adjustments due to market conditions. Excluding these effects, the segment would have closed the reporting year with a positive result.

The **Others Segment** which predominantly reports expenses of the holding company EM.Sport Media AG and the activities of EM.TV Finance B.V. attained a segment result of -13.1 Mio. Euro following - 8.7 million Euro the year before.

2.5 Sales and earnings performance of the EM.Sport Media Group

The EM.Sport Media Group generated consolidated sales of 384.6 million Euro in 2008 after 230.7 million Euro in the previous year. This 153.9 million Euro increase (+66.7 percent) relates to the first time inclusion of the Highlight group starting with the month of August.

Other operating income stood at 25.3 million Euro (2007: 17.8 million Euro). This increase relates largely to the Others Segment. Material factors included the profit from the deconsolidation of sports betting (2.7 million Euro) and higher income (5.0 million Euro) from the derecognition of liabilities.

The cost of materials and licenses, which makes up the largest expense item, reached 187.9 million Euro (2007: 124.3 million Euro). This increase relates mainly to risen costs for licenses, commissions and materials (+45.4 million Euro) and is the result of the first time consolidation of the Highlight group.

Personnel expenses came in at 78.0 million Euro versus 54.6 million Euro for the same period last year. The increase corresponds to the higher number of employees following the inclusion of the Highlight group.

Other operating expenses amounted to 75.4 million Euro (2007: 42.9 million Euro) and contains a revaluation reserve immediately expensed of 14.5 million Euro.

The Group reports earnings before interest, taxes, depreciation and amortization (EBITDA) of 69.1 million Euro against 26.8 million Euro in 2007.

Amortization, depreciation and impairment totaled 171.9 million Euro (2007: 11.5 million Euro); of which 53.5 million Euro relates to the scheduled amortization as well as impairment of the film assets of Constantin Film AG (2007: 0 Euro). The line item "depreciation and write-downs of intangible assets and tangible assets" in the amount of 30.1 million Euro comprises 20.8 million Euro for scheduled depreciation and 9.3 million Euro for impairment losses. Scheduled depreciation includes 14.2 million Euro for depreciable assets arising from the purchase price allocation.

Goodwill impairment of 88.3 million Euro contains goodwill write-downs from the acquisition of the shareholding in Highlight Communications AG which was completely incurred in the third quarter.

The Group reported earnings before interest and taxes (EBIT) from continuing operations of -102.8 million Euro following 15.3 million Euro in the previous year, mainly attributable to the impairment losses caused by market conditions and write-downs.

The earnings from investments in associated companies of -0.4 million Euro contain the earnings contribution from the shareholding in Highlight Communications AG up to July 31, 2008, less non-cash effects from depreciation arising from the purchase price allocation and the earnings from investments in associated companies of Highlight Communications AG since August 1, 2008.

The financial result accounted for -21.1 million Euro (2007: -4.7 million Euro). This includes higher financial expenses of 27.2 million Euro (2007: 7.7 million Euro) from the revaluation of the 5.25% convertible bond 2006/2013, write-downs to financial investments and higher interest expenses from debt financing of the increased shareholding in Highlight Communications AG.

The option acquired in 2007 for the acquisition of further Highlight shares already were fully written-down by 2.5 million Euro in the first quarter of 2008, because EM.Sport Media AG had renegotiated the purchase price.

The Group earnings before taxes (EBT) from continuing operations reached -124.3 million Euro compared to a positive amount of 11.0 million Euro in the same period last year.

The tax result caused expenses amounted to 0.9 million Euro following expenses of 1.9 million Euro in the previous year. The earnings after taxes from continuing operations came in at -125.2 million Euro (2007: 9.1 million Euro).

The discontinued operations of the Entertainment Segment reported a negative result after taxes of 4.0 million Euro in 2008. The negative previous year's figure of 50.8 million Euro was impacted primarily by the necessary write-down of Entertainment Segment assets. Deconsolidation proceeds of 0.6 million Euro arose from the divestment. A purchase price adjustment, which was conducted at the beginning of 2009 due to negative changes in net working capital from the assets sold, was accounted for in the 2008 financial statements and impacted the result from discontinued operations by 4.3 million Euro.

The Group reported a net result of -129.1 million Euro for 2008 (2007: -41.7 million Euro). Profit attributable to minority interests totaled 2.2 million Euro (2007: loss of 0.5 million Euro). The Group net result after minority interests amounted to -131.3 million Euro following a loss of 41.2 million Euro in the previous year.

The Group reported basic earnings per share of -1.79 Euro for 2008 (2007: -0.64 Euro). On a diluted basis, this also amounts to -1.79 Euro (2007: -0.64 Euro)

2.6 Sales and earnings performance of EM.Sport Media AG

In the individual financial statements for 2008, prepared in accordance with HGB, EM.Sport Media AG reported sales of 0.5 million Euro (2007: 0.9 million Euro). Sales income was generated largely from the remnants of the marketing program for the 2006 FIFA World Cup™. At 29.0 million Euro, other operating income for the reporting year was significantly above the prior year's figure of 10.6 million Euro, which resulted largely from book profits of 15.0 million Euro from the sale of individual companies of the Entertainment Segment. This income figure was offset by book losses of 11.7 million Euro, from the sale of individual companies of the Entertainment Segment which were reported under other operating expenses. Other operating income also contains income from cost transfers (2.4 million Euro), reversal of write-downs (1.5 million Euro), derecognition of old liabilities (4.7 million Euro), release of accruals (1.1 million Euro) and income relating to other periods (1.9 million Euro).

Personnel expenses rose from 6.6 million Euro to 7.7 million Euro, primarily as the result of the implementation of a Shared Service Center for the Human Resources, Legal and Finance functions, which involved the transfer of employees from subsidiaries. Depreciation rose from 0.8 million Euro to 2.7 million Euro. While amortization of intangible assets and depreciation of tangible assets declined from 0.8 million Euro to 0.2 million Euro, the depreciation in excess of normal depreciation of assets held as current assets amounted to 2.5 million Euro in the reporting year. The main reason for this was the write-down to the option for acquiring shares in Highlight Communications AG. Other operating expenses of 39.6 million Euro were 15.5 million Euro above the previous year's figure of 24.1 million Euro, which largely relates to the book losses of 11.7 million Euro from the sale of individual companies of the Entertainment Segment. On account of the sale of the Entertainment Segment executed in July 2008 as well as other projects, consulting costs increased by 2.9 million Euro to 6.7 million Euro in 2008. Compared to the previous year's figure, the other expenses of 1.9 million Euro increased by 1.5 million Euro and mainly comprise costs in connection with outstanding invoices.

The financial result worsened by -15.3 million Euro from -27.4 million to -42.8 million Euro. Major influencing factors for this development were higher write-downs to financial assets of 3.8 million Euro amounting to 57.2 million Euro and an increase of 2.7 million Euro to 8.3 million Euro in interest expenses based on a simultaneous decrease in interest income of 1.8 million Euro to 2.9 million Euro. The write-downs to financial assets predominantly relate to write-downs in the acquisition costs of the shareholding in Highlight Communications AG. Income from profit transfers, which is also contained in the financial result, decreased from 26.8 million Euro to 18.0 million Euro. This amount arose from the inclusion of income from profit transfer agreements within the Sports sector. Highlight Communications AG distributed dividends of 1.9 million Euro to EM.Sport Media AG for the year under review.

The Company reported a net result from ordinary activities of -63.2 million Euro for 2008 (2007: -47.4 million Euro) with the net loss of the year amounting to -62.4 million Euro against -47.4 million Euro in the previous year.

2.7 Net assets position of the EM.Sport Media Group

As at December 31, 2008, the EM.Sport Media Group reported a balance sheet total of 719.7 million Euro, which translates into growth of 342.8 million Euro or 91.0 percent year-on-year (2007: 376.9 million Euro); and is primarily attributable to the first time consolidation of the Highlight group.

Non-current assets in the amount of 418.3 million Euro were shown on the assets side (December 31, 2007: 205.3 million Euro). The largest single item is the new position for film assets (187.0 million Euro), which reflects the production and license trading activities of the Constantin group. The largest component of film assets comprises of 132.6 million Euro for in-house productions of the Constantin Film group.

Other intangible assets amounted to 109.0 million Euro as of the balance sheet date (December 31, 2007: 5.1 million Euro) and primarily relate to the agreements of the Highlight subsidiary TEAM for the marketing of the UEFA Champions League and the UEFA Cup, the value of the trademark "Constantin" and the order backlog of a Constantin subsidiary.

Goodwill stood at 89.0 million at the end of 2008 (December 31, 2007: 51.4 million Euro) and largely consisted of 51.4 million Euro for investments in the Sports Segment. 37.6 million Euro relate to the acquisition of the Highlight Communications AG shareholding after offsetting impairment losses of 88.3 million Euro recorded in 2008.

Tangible assets totaled 18.9 million Euro at year end following 22.6 million Euro at the end of 2007. Here, impairment losses for the PLAZAMEDIA group exceeded the additions arising from the first time consolidation of the Highlight group.

The investments in associated companies substantially declined from 109.6 million Euro to 4.6 million Euro year-on-year; the prior year's figure included the investment in Highlight Communications AG of 26.3 percent at that time. The investments in associated companies reported in 2008 mainly relate to the minority shareholdings of Highlight Communications AG in Escor Casinos & Entertainment SA and PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH.

At the end of 2008, the Group reported non-current receivables of 2.8 million Euro, accounted by Constantin Film group.

Deferred tax assets stood at 4.9 million Euro as of December 31, 2008 and were below the prior year's amount of 9.0 million Euro. The decrease reflects adjustments to changes in tax planning.

Current assets amounted to 300.9 million Euro as of the balance sheet date (December 31, 2007: 112.0 million Euro).

Inventories of 3.3 million Euro (December 31, 2007: 0.6 million Euro) mostly comprised of stocks from the video/DVD business of Highlight Communications AG. The substantial increase in trade accounts receivable and other receivables of 50.0 million Euro to 102.8 million Euro is due to the first time consolidation of the Highlight group.

Current other financial assets totaled 22.7 million Euro at the end of 2008 and included short-term fixed-interest securities.

Cash and cash equivalents were reported in the amount of 165.9 million Euro as of the balance sheet date following 53.1 million Euro on the same date the previous year. The considerable rise is also the consequence of the first time consolidation of the Highlight group. Cash inflow from the divestment of the Entertainment Segment in 2008 was offset by cash outflow primarily for the additional increase in the Highlight Communications AG shareholding.

2.8 Net assets position of EM.Sport Media AG

The balance sheet total of EM.Sport Media AG amounted to 269.5 million Euro as of December 31, 2008 making it 63.1 million Euro less than on the same date the previous year (332.6 million Euro). Tangible assets fell by 55.2 million Euro from 280.6 million Euro last year to 225.4 million Euro. The increase to 118.4 million Euro (December 31, 2007: 109.6 million Euro) in investments attributable to the acquisition of additional shares in Highlight Communications AG was offset by a reduction in loans to affiliated companies of 9.0 million Euro to 11.0 million Euro as well as a decrease in the shares in affiliated companies following the divestment of the Entertainment Segment to 95.4 million Euro (December 31, 2007: 150.4 million Euro). The loans to affiliated companies in the amount of 11.0 million Euro were issued to PLAZAMEDIA GmbH TV- und Film-Produktion. The loan matures in April 2010. Furthermore, current receivables from this loan to PLAZAMEDIA GmbH TV- und Film-Produktion of 7.2 million Euro existed as of December 31, 2008 which was repaid at the beginning of February 2009.

Current assets fell by 8.1 million Euro from 52.0 million Euro to 43.9 million Euro year-on-year. The decline reflects the disposal totaling 4.9 million Euro in receivables due from affiliated companies and in companies with a participating interest. In addition, trade accounts receivable dropped by 2.4 million Euro to 0.4 million Euro and other assets fell by 3.9 million Euro to 6.6 million Euro. The decrease in other assets was mainly the result of write-downs to the option for acquiring Highlight Communications shares (2.5 million Euro), write-downs to loans against EM.TV Sport Management GmbH, a company in which EM.Sport Media AG holds neither direct nor indirect interests (2.3 million Euro), a reduction in suppliers with debit balances (0.8 million Euro) and an opposing increase in tax receivables (1.6 million Euro). Current assets rose by the acquisition of securities held as current assets in the amount of 3.4 million Euro. In the reporting year, EM.Sport Media AG acquired shares in a convertible bond 2006/2003 issued from its 100 percent subsidiary EM.TV Finance B.V. The acquisition was at fair value.

As of December 31, 2008, the Company reported total equity of 121.4 million Euro, which represents a reduction of 62.2 million Euro against the previous year's figure of 183.6 million Euro. The equity ratio stood at 45.0 percent versus 55.2 percent on the same date last year. The decrease in equity is largely the result of net losses generated in the reporting year. For the first time, the Company has reported a reserve for treasury stock as of December 31, 2008, because a total of 55,000 treasury shares were acquired on the stock exchange during the reporting year, which were used to acquire further shares in Highlight Communications AG except for a remainder of 2,071 shares.

Provisions increased by a total of 1.5 million Euro to 14.1 million Euro, primarily due to an increase in provisions for outstanding invoices.

Liabilities amounted to 134.1 million Euro, which was slightly behind the previous year's amount of 136.4 million Euro. Payables due to affiliated companies and companies with a participating interest, declined by 10.2 million Euro to 91.6 million Euro as a result of the divestment of the Entertainment Segment. Trade accounts payable decreased by 1.7 million Euro to 1.4 million Euro. In contrast, bank liabilities rose by 10.7 million Euro to 40.7 million Euro. Of the existing credit facility from a consortium bank, an additional amount of 10.2 million Euro was withdrawn for partially financing the purchase price for the acquisition of shares in Highlight Communications AG; an amount of 0.7 million Euro relates to interest for the reporting year, but is falling due in 2009.

2.9 Financial position of the EM.Sport Media Group

On the liabilities side of the balance sheet, total equity stood at 142.4 million Euro as of December 31, 2008 and 42.8 million Euro below the amount at the end of 2007 (185.2 million Euro). While the net loss amount for the year substantially reduced total equity, the minority interests increased to 71.2 million Euro (December 31, 2007: 5.4 million Euro); this increase results from the first time consolidation of Highlight Communications AG.
The equity ratio of 19.8 percent was significantly below the figure as of December 31, 2007 (49.1 percent) as a result of the sizable increase in the balance sheet total and the net loss of the year.

Non-current liabilities increased to 123.3 million Euro versus the prior year's amount of 115.4 million Euro. Financial liabilities reached 81.9 million Euro, which was 26.0 million Euro less than the amount at the end of 2007 (107.9 million Euro). This decline is the result of a reclassification of 30.0 million Euro from non-current to current bank liabilities already carried out in the first quarter. Non-current financial liabilities continued to include the 5.25% convertible bond 2006/2013. The non-current portion of deferred tax liabilities sharply increased from 6.2 million Euro to 37.0 million as a result of the first time consolidation and the purchase price allocation of the Highlight group.

Current liabilities amounted to 453.5 million Euro at the end of 2008 after 57.7 million Euro at the end of 2007. The largest position, by far, was financial liabilities with 241.2 million Euro (December 31, 2007: 0.9 million Euro). The increase in advance payments received to 53.3 million Euro (December 31, 2007: 0.2 million Euro) was primarily in connection with the film and TV productions of Constantin Film AG.

The increase in trade accounts payable and other liabilities of 87.2 million Euro to 140.2 million Euro also reflects the first time consolidation of the Highlight group. Current provisions were reported in the amount of 15.4 million Euro as of December 31, 2008 (December 31, 2007: 2.0 million Euro) and relate, among others, to merchandise provisions from the home entertainment area of the Highlight group.

2.10 Liquidity status of the EM.Sport Media Group

2.10.1 Cash flow

For 2008, the EM.Sport Media Group reports a positive operating cash flow of 59.7 million Euro from continuing operations (2007: 12.1 million Euro). This was attributable to the first time consolidation of the Highlight group.

Cash flow from investing activities reached a positive amount of 34.4 million Euro (2007: cash outflow of 90.8 million Euro). Through the full consolidation of the Highlight group, cash inflow of 74.4 million Euro was incurred, which was netted against the cash funds used to increase EM.Sport Media AG's shareholding in Highlight Communications AG during the reporting year. Investments in the film assets of Constantin Film AG amounted to 45.9 million Euro. An amount of 7.3 million Euro was invested in tangible assets. Investments in financial assets (21.0 million Euro) primarily related to the liquid funds of the Highlight group. Cash inflow of 36.5 million Euro arose from the divestment of activities, primarily of the former Entertainment Segment.

In 2008 the Group attained positive cash flow from financing activities of 19.8 million Euro (2007: 2.9 million Euro), which was mainly affected by the raising of current liabilities in the amount of 44.1 million Euro.

Negative cash flow of 3.2 million Euro resulted from the discontinued operations of the Entertainment Segment (2007: -3.4 million Euro).

In total, the Group reported cash inflow of 110.7 million Euro for the reporting year (2007: cash outflow of 79.2 million Euro), leading to an increase in cash and cash equivalents of the Group to 165.9 million Euro at the end of 2008.

2.10.2 Liquidity position and liquidity management

Liquid funds of the Sports Segment are controlled by EM.Sport Media AG in consultation with the operating companies. Highlight Communications AG and Constantin Film AG manage their own liquidity autonomously.

Net debt in EUR **million**

	12/31/2008
Liquid funds	165.9 Mio.
Other financial assets	22.7 Mio.
Current financial liabilities	-241.2 Mio.
Non-current financial liabilities	-81.9 Mio.
Net debt	-134.5 Mio.

The net debt of the EM.Sport Media Group as of December 31, 2008 is broken down as beside.

As of December 31, 2008, the Group had at its disposal unused bank credit lines amounting to a total of around 123.1 million Euro. For more details please refer to Note 5.18 in the Notes to the Accompanying Consolidated Financial Statements.

Assuring liquidity is the primary focus of the conservative approach taken by the Group towards liquidity management. Operating companies are basically required to finance their liquidity basis from the cash flow of their respective operating activities. Any additional financing measures are coordinated with the Group parent company in the event of any major investments and acquisitions.

2.11 Financial and liquidity position, liquidity management of EM.Sport Media AG

In its individual financial statements prepared in accordance with HGB, EM.Sport Media AG reported cash and cash equivalents of 2.4 million Euro as at December 31, 2008.

The Company's net debt as of December 31, 2008 was structured as stated beside.

Net debt in EUR **million**

	12/31/2008
Liquid funds	2.4 Mio.
Current financial liabilities	-40.7 Mio.
Non-current financial liabilities*	-87.5 Mio.
Net debt	-125.8 Mio.

* The issuance proceeds from the 5.25% convertible bond 2006/2013 was transferred in full from EM.TV Finance B.V. as a non-current loan to the Company in 2006. As of December 31, 2008, the net loan balance was about 87.5 million Euro plus accrued interest.

As at December 31, 2008, EM.Sport Media AG had at its disposal open bank credit lines amounting to a total of around 11.6 million Euro, of which about 1.6 million Euro was available for guarantees only.

Alongside these financial resources, the funding power of EM.Sport Media AG is strengthened by profit transfer agreements with its subsidiaries.

2.12 Investment of the EM.Sport Media Group

Additions to intangible and tangible assets of the Group amounted to 59.6 million Euro in the reporting year following 9.9 million Euro in 2007.

Within the Sports Segment, 8.2 million Euro was invested in intangible and tangible assets (2007: 9.7 million Euro). This was mainly attributable to technical equipment.

Investments in the film assets of the Highlight group amounted to 45.4 million Euro for the reporting year (2007: 0 million Euro). The key investments of the 2008 financial year included production costs for: “Pope Joan“, “Pandorum“, “Wickie und die starken Männer“, “Vorstadtkrokodile“ and “Männersache“.

2.13 Investments of EM.Sport Media AG

The additions to non-current assets amounted to 66.9 million Euro in the reporting year following 119.1 million Euro in 2007. The largest share of this total represents, as in the previous year, the acquisition of the shareholding in Highlight Communications AG, which resulted in additions of 66.5 million Euro to the financial assets (2007: 118.9 million Euro). This represents 99 percent of total investments.

3. Employees

The EM.Sport Media Group had a total of 2,503 employees as of December 31, 2008. Thereof, 1,019 represent the activities in the Sports and Others Segments and 1,484 represent the first time inclusion of the Highlight group. On the same date last year, the Group employed 1,236 persons (excluding Highlight). In the number reported as of December 31, 2008, in addition to salaried employees (1,288 persons), free lance employees are also included (1,215), which result in variances to earlier disclosures made by the Company.

The average number of employees of EM.Sport Media Group increased in 2008 in comparison with the previous year from 36 to 60 as caused by the introduction of the Shared Service Center in October 2007. The Shared Service Center brings together expertise from the individual companies' business administrative departments such as Human Resources, Finance and Legal.

Customer orientation, dedication and professionalism are highly important for all employees of the EM.Sport Media Group. These key qualifications are not only decisive to competitiveness and financial success in outward-facing customer relationships, but also with internal cooperation as part of centralized functions.

Strategic human resource planning and personnel development are indispensable to the Group. This means increasing the retention of highly-talented employees within the individual businesses. 2008 also saw the intensification of performance-related remuneration, with the use of variable remuneration pegged to target-achievement expended within several units and companies.

4. Addendum Report

At an extraordinary General Meeting held on January 28, 2009 in Munich, the Company's shareholders voted in favor of the new company name “Constantin Medien AG“. The new name covers the media group's entire service spectrum in the Segments Sports, Film as well as Sports- and Event-Marketing.

Besides the name change, the shareholders resolved to increase the share capital by issuing about 7.2 million shares at an issue price of 2.00 Euro per share. This will bring in around 14.5 million Euro additional cash inflow. The statutory subscription rights of the shareholders are upheld. Members of the Management and Supervisory Boards, respectively, have declared to assume the unsubscribed shares at that issue price.

Furthermore, for reasons of legal compliance, the authorized capital I resolved at the Annual General Meeting of July 9, 2008 was cancelled and a new authorized capital 2009/I was created in the same amount of up to 20 million Euro. The reason for this is because in view of the alleged defects in the invitation to this previous General Meeting, concerns were raised as to the validity of the authorized capital. The Munich Regional Court I dismissed the claims of the shareholders in the first instance. Two plaintiffs have submitted an appeal to the Munich Higher Regional Court.

The General Meeting also elected Dr Dieter Hahn as a new Member of the Supervisory Board as the successor to Dr Alexander Ritvay.

5. Disclosures in accordance with § 289 para. 4 and § 315 para. 4 of the German Commercial Code (HGB)

> The subscribed capital of EM.Sport Media AG as of December 31, 2008 totaled 77,938,420 Euro, divided into 77,938,420 bearer shares with a pro rata value of 1.00 Euro per share.

> All shares are common stock that guarantee the right of participation in the Annual General Meeting in accordance with § 118 para. 1 of the German Stock Corporation Act (AktG), the right to information in accordance with § 131 AktG, the voting right in accordance with § 133 ff. AktG, the right to net income in accordance with § 58 para. 4 AktG and basic subscription rights in the event of an increase in capital in accordance with § 186 para. 1 AktG.

> The Company has no voting rights arising from the 5,956,053 treasury shares held by EM.Sport Media AG and its subsidiaries as of December 31, 2008. The Company is not aware of any agreements between shareholders regarding the restriction of voting rights.

> According to its own statements, KF 15 GmbH & Co. KG, Munich, held 13,346,135 shares in EM.Sport Media AG as of December 31, 2008. This equates to a share of approximately 17.1 percent of subscribed capital and voting rights of 18.5 percent based on shares outstanding (after deduction of treasury shares).

> There are no shares which offer exclusive rights of authority to control.

> The Supervisory Board appoints Management Board Members in accordance with § 7 para. 1 of the Articles of Association and § 84 para. 1 clause 1 AktG for a maximum term of five years. It determines the number of Management Board Members, whereby the Articles of Association specifies a minimum number of two Management Board Members. The Supervisory Board also has the right to nominate a Chairman of the Management Board. In accordance with § 84 para. 3 clause 1 AktG, the Supervisory Board also has the right to rescind the appointment of a Management Board Member and the nomination of a Chairman of the Management Board, should there be an important reason to do so. Such an important reason is defined by § 84 para. 3 clause 2 AktG as the existence of a gross breach of duty, in the event of incapacity to carry out management duties or in the event of a vote of no confidence by the Annual General Meeting for reasons that are not clearly unjustified.

> In accordance with § 179 para. 1 clause 1 AktG, every change to the Articles of Association requires a resolution of the General Meeting. In accordance with § 179 para. 2 clause 1 AktG, resolutions taken by the General Meeting to change the Articles of Association require a majority of at least three quarters of the authorized share capital represented at the passing of the resolution. The Supervisory Board has, in accordance with the Articles of Association, the right to execute those changes to the Articles of Association that affect only the wording of the Articles of Association.

> In accordance with § 76 para 1 AktG, the Management Board bears full responsibility for the management of the Company. The Articles of Association regulate in detail the empowerment of the Management Board, with the approval of the Supervisory Board, to raise the authorized share capital within a period until January 27, 2014 by a total of up to 20,000,000.00 Euro through one or multiple issues of new bearer shares against cash or contributions in kind (authorized capital 2009/I). The shareholders are generally granted subscription right. The Management Board is empowered, with the approval of the Supervisory Board, to exclude the subscription right under certain conditions as prescribed under § 3 para. 7 of the Articles of Association.

> In a resolution passed by the Annual General Meeting on July 9, 2008, the Company was authorized to buy back shares valued at up to 10 percent of the authorized share capital of the Company at the time the resolution was passed. The authorization is valid until January 8, 2010. The authorization may be exercised in part or in full, singly or on several occasions. The acquired shares, in combination with other treasury stock held by the Company or attributable to it under §§ 71a ff. AktG, may at no time exceed 10 percent of authorized share capital.

> In a resolution passed by the Annual General Meeting on July 9, 2008, the share capital of the Company was increased by up to 20,000,000.00 Euro by issuing conditional bearer shares of up to 20,000,000 (conditional capital 2008/I). The conditional capital increase serves to grant shares for bearer or creditor convertible bonds and/or bonds with warrants attached to be issued according to empowerment from the Annual General Meeting until July 8, 2013 by the Company or by direct or indirect shareholdings of EM.Sport Media AG, if issuance is made in cash. The conditional capital 2008/I has not yet been entered in the Commercial Register and is therefore not (yet) valid. The reason for this is in view of the alleged oversights in the invitation to the General Meeting of July 9, 2008, concerns were raised as to the validity of the authorized capital in the form of appeal and invalidity claims.

> In 2006, EM.TV Finance B.V., Rijswijk/Netherlands, a 100 percent subsidiary of EM.Sport Media AG, issued a 5.25% convertible bond 2006/2013, guaranteed by EM.Sport Media AG. In accordance with § 14 of the bond conditions, every bond holder of his own choice has the right under certain conditions, to demand repayment by the debtor of any or all of his bonds at their nominal value plus interest accrued. This is permitted in the event that a change occurs in the control of EM.Sport Media AG. Control is defined as either direct or indirect (under the terms of § 22 WpHG, securities legislation), legal or financial ownership of shares bearing more than 50 percent of voting rights in EM.Sport Media AG. This right also applies in the event of an offer to purchase shares, whereby the shares already under the control of the bidder and/or persons working in collaboration with the bidder, plus the shares for which the offer has already been accepted, together carry more than 50 percent of the voting rights in EM.Sport Media AG.

6. Risk Report

6.1 Risk management

Risks are defined as the possibility of unfavorable future developments that are anticipated with a significant, although not necessarily predominant, degree of probability. EM.Sport Media evaluates and manages risks on the basis of a risk management policy that defines the Group's risk management system. This policy applies to all Group member companies.

The recognized risks are summarized in a risk report once per quarter which consolidates precautions already taken by the Group, as well as identify and evaluate risks on an individual company basis and by each company. The risk report is discussed by the Management Board and relevant extracts are presented to the Supervisory Board.

Furthermore, material individual risks are also recorded outside of the quarterly reports and addressed without delay.

6.2 Risks within the Sports Segment

Television

For a sports broadcaster like DSF, the availability of attractive sports rights is of great importance. In its acquisition of such rights, DSF finds itself locked in fierce competition with other free-TV stations and, increasingly, also with new content providers such as telecommunications groups and internet services. In addition, general-audience programs such as Sat.1 and ProSieben are strengthening their efforts to increase their profile within the sports sector. Therefore it cannot be ruled out that the broadcaster may find itself exposed to even more intense competition in future.

Within the awarding of rights in 2008 to the Bundesliga by the German Football League (DFL) as of the 2009/2010 season, DSF once again secured the free-TV rights to the 2nd Bundesliga. At the same time, the station decided to no longer acquire or to surrender rights whose license costs will no longer be profitable to an acceptable extent. Accordingly, the acquisition for the first exploitation rights to the Sunday games of the 1st Bundesliga and the live transmissions of the UEFA Cup in free-TV was refrained.

To a degree, the in-house formats of DSF make it independent from third-party rights. The broadcaster was able to secure significant rights substantially beyond the 2008 business year and modified its investment policy as stated above, short-term exposure to an increase in license costs is reduced. Nevertheless, an increase in license costs in the medium-term cannot be ruled out.

Developments within the German advertising markets have a significant influence on sales growth at DSF, as is the case for other free-TV stations. The massive drop in consumption willingness as caused by the general economic downturn in 2009 could lead to a negative impact on the advertising industry's willingness to invest and especially on the classic advertising revenue model of DSF. Through consistent diversification, DSF is striving to achieve a balanced revenue mix that limits its dependence upon the classic TV advertising market.

The German TV advertising market is marked by fierce competition from sizable price reductions by TV stations. This aggressive price competition could have lasting effects on the pricing and allocation of advertising spendings. In addition, impending advertising prohibitions in the automotive and alcohol sectors as well as ongoing government regulation with respect to the state gambling treaty or the protection of minors could additionally impact DSF's revenue model.

The TV market for added-value services is facing growing competition and is reaching saturation among viewers. Moreover, advertising customers of infomercials are facing rising margin pressure in the daytime, which has been caused by lower acceptance and falling customer creditability as well as rising competition from online marketers. As a result, it is not certain whether DSF will be able to sustain its strong position within this revenue sector.

The Federal Government is presently discussing a legislation draft which will restrict the business models of advertising customers in the night-time. In the event that this draft is enacted into legislation in its present form, this could result in a reduction in advertising revenues generated at night.

With the enactment of the 10^{th} Amendment to the Inter-State Broadcasting Treaty in September 2008, the business model "call-in format" has established a statutory foothold. The sweepstake shows legislation from the State Media Authorities, which was expected to be enacted during the first quarter in 2009, will establish additional legitimacy. The impact of these new statutes on the revenues generated from sweepstake formats cannot be estimated at the present time. Basically there remains the risk, however, that the business activities of DSF could be affected by regulatory framework.

Currently the feed in of DSF into analog cable networks is scheduled mandatory in a number of Federal States through corresponding regulatory requirements, such as rulings by the State Media Authorities. On the medium term, it is planned to merge two of the three analog channels nationwide according to planned directives for the protection of aircraft radio. In addition, on the basis of capacity needs of cable network providers for Triple Play offers and the widespread of digital offers by public broadcasters and both of the largest private broadcaster families, a further drop in analog capacities could result. DSF is intensively working on maintaining full capacity for feeding into analog cable networks in order to maintain stable coverage and a recapitalization basis. The medium and long term contractually secured and highly attractive sports rights portfolio offers a solid basis in this respect.

Production services

Because of its customer base, which mostly comprises of television stations and production firms, PLAZAMEDIA is directly and indirectly dependent on the advertising market, which is in a slumped or stagnate state at the moment due to the economic downswing and the global financial crisis.

The most significant risk to PLAZAMEDIA and its subsidiary, CREATION CLUB, continues to be their dependence on the pay-TV provider Premiere. However, there exists a mid-term contract certainty through long-term agreements with Premiere in the area of in-house as well as outside production until the end of 2013.

CREATION CLUB also succeeded in extending its base contract with Premiere until December 31, 2012, including a compensation agreement. Nevertheless, there is no guarantee that Premiere won't seek to make savings by reducing its orders.

Through the diversification of the customer base, and through a labored internationalization, both PLAZAMEDIA and CREATION CLUB are working to further reduce their dependence upon Premiere. However, it may be that this can only be achieved in the medium term through follow-up business with new customers.

The tense business situation in private television places additional pressure on margins. The stations are attempting to compensate such pressure, among others, in purchasing services, which had already led to fierce price competition among program providers in 2008. Therefore, further developments on the TV market are being closely monitored by EM.Sport Media AG.

Online

The economic crisis will significantly slow down the strong growth in Internet offers of the past years. Nevertheless, it is assumed that the number of Internet users will continue to rise in future. This growth will be allocated among very different areas such as video, community, user-generated and content platforms, too. Although the number of users and time spent on the Internet will further increase, it is still assumed that the user will be allocated among ever increasing single offers. Therefore, on the one hand, the coverage figures will get locked under pressure, while marketable advertising fields will constantly rise. And on the other hand, on the basis of assumed additional marketing areas, price pressure will be on the rise as already seen in certain advertising forms and areas.

6.3 Risks within the Film Segment

Production

In-house and co-productions of theatrical and TV films as well as their marketing are cost-intensive and involve financial risk. Part of these costs must be pre-financed because the respective budget cannot be covered by co-production contributions and funds from film grants. Due to the large amount of funds required for a production, the partial or complete failure of individual film projects is likely to have substantial disadvantages on the net assets, financial position and results of operations of the EM.Sport Media Group. Moreover, budget overruns can occur during the production of a film.

Based on the experience in the film production, the Highlight subsidiary, Constantin Film AG has mostly succeeded in covering or exceeding production costs with the exploitation revenues in the past.

Furthermore, the subsidiary kept film productions within the timing and financial framework and largely avoided unbudgeted costs and provided protection against these costs via appropriate insurance, respectively. However, Constantin Film AG cannot guarantee that it will only realize successful film projects in the future.

With respect to TV productions, similar formats are produced worldwide. This results in the risk of format rights legal disputes in the industry, which also affect Constantin Film AG and why it has taken appropriate precautionary measures. For two Constantin Film AG in-house productions, legal disputes exist with an external distributor; whereby the company assumes that there is no threat of utilization from these legal disputes.

In the area of non-fictional service production, there are risks from the dependence on a single station and its future development. Moreover, the entire TV industry will have to face massive reductions in advertising budgets due to very difficult market conditions as an aftermath to the global financial crisis in 2009. For Constantin Film AG this could mean that revenues from TV service productions will be lower.

Film acquisition and exploitation

The economic success in the distribution of in-house and third-party titles is dependent on a number of industry-specific risks. The risks can occur as a result of a changed market situation on the part of the rights distributors in the areas of theatre, video/DVD and TV. In this way, changes to the media laws and the advertising market as well as the structure of TV broadcasting forms (pay-TV, TV-on-demand) can influence the rights distributors' selection of films and TV broadcasters' programming schedule as well as their purchasing policy.

Changes in consumer behavior and consumer taste can also have an impact on rights distributors. In addition, the strong trend towards concentration regarding TV channels could lead to changes in the sales markets. The trend of concentration is strengthened by the initial tendencies towards digital distribution over the Internet. Online shops have been active for some time, but only with marginal revenues. With the increasing widespread availability of sufficient bandwidth for downloading and streaming, these forms of distribution will become more attractive. First big players are starting to work this market, such that competitors to pay-TV in particular can emerge on the medium and long term.

On the marketing side, the Highlight group has been working directly with free- and pay-TV broadcasters since 2004; the home entertainment market is also worked directly. As a result of this expanded added-value chain, the risks increase for the group of companies on one the hand, but on the other hand, the group of companies benefits from the excellent connections of its subsidiary Constantin Film AG with TV broadcasters as well as synergy effects realized within the group. The effect that the financial and economic crisis will have on the sales markets for theatrical and home entertainment cannot be predicted. It cannot be ruled out that this will cause the markets to contract.

Lower sales in the TV sales market can also not be ruled out in 2009 due to reduced advertising expenses as caused by market conditions. Strong concentration movements influence purchase markets. Whereas independent players merely produce and are dependent on sales partners for marketing, the major players operate their own global distribution channels in addition to their own film studios. Furthermore, the emergence of new competitors and the resultant increase in competitive pressure is likely to detriment the market situation. In this context, it is important to mention that major players are increasingly purchasing German productions and thus positioning themselves as competitors for local products on the purchasing market.

Increasing levels of piracy can also lead to significant loss of revenues. The rise in illegal copies is likely to have the effect of reducing the number of movie audiences and reducing license fees for home entertainment and TV film exploitation. Raising viewer awareness and expanding legal Internet offers as well as supporting various pressure groups are measures which the Highlight group has already taken. These measures, together with stringent prosecution of offenders, have made an important contribution to the fight against piracy in 2008.

6.4 Risks within the Sports- and Event-Marketing Segment

Risks exist in the Sports- and Event-Marketing Segment from the dependency of TEAM on major customers such as the UEFA. Nevertheless, present success and the positioning of the company in the market as well as the targeted strategic focus towards the European Football Association relativize this situation. The mandate from UEFA to market the commercial rights of all 205 UEFA Cup (UEFA Europa League in future) matches starting with the 2009/2010 season is in any case a further sign of the established relationship with the UEFA.

The shares held by Highlight Communications AG in Team Holding AG, in which the UEFA holds 20 percent, is combined with a call option. This call option can be exercised if a person or group acquires Highlight shares accounting for more than 50 percent of the voting rights. In this case, the UEFA would be entitled to acquire the 80-percent shareholding held by Highlight Communications AG in Team Holding AG at a fixed price.

The impact from the financial crisis on international rights distribution cannot be predicted at the present time. The broadcasting and sponsoring rights to the UEFA Champions League and the new UEFA Europa League were issued to long standing partners, indeed. Nonetheless, it cannot be ruled out that private TV broadcasters or sponsors will run into financial difficulties, which could lead to shortfall in payments.

6.5 Financial risks

Liquidity risks

A liquidity risk arises when payment obligations of the Group cannot be covered by liquidity on hand or corresponding credit facilities.

EM.Sport Media Group had sufficient liquidity reserves taking into account available short-term credit facilities as of the balance sheet date. In addition thereto, the liquidity status within the Group is regularly monitored. In general, the Group companies are responsible for disposition of liquid funds on their own.

The Highlight group monitors liquidity on its own and autonomously from EM.Sport Media AG. EM.Sport Media AG functions as a financial coordinator for the companies of the Sports Segment, in order to ensure that the financial needs of its business operations and investments are consistently covered in a most cost-effective manner. This is based on a financial planning process with a monthly deviation analysis.

The immediate implications from the global crisis on international finance and capital markets, such as a cutting of credit lines by banks, rising borrowing costs from higher risk surcharges or stricter conditions by the financial economy with respect to criteria to be complied by borrowers to receive credit have all had an impact on a number of sectors – including the media industry – during the second half of 2008. As a consequence, a growing number of companies have been forced to modify their financing policy and to establish it on a broader base, respectively. The potential impact on the EM.Sport Media Group cannot be reliably determined at the present time. Because the special items incurred in 2008 certain financial key figures important to bank lenders can no longer be maintained. To the extent these special items are not considered, the relevant financial ratios would be met. The EM.Sport Media Group could be forced to procure debt on the capital market or from credit institutions on the short or medium term either to refinance existing liabilities or to finance new projects. Therefore there is the risk that in case of a weakening of the economic situation of the Group, financing sources, if needed, may not be available or not available to a sufficient extent or at substantially worse conditions.

Credit risks

A credit or default risk exists when the debtor is unable to meet a repayment obligation for a receivable on time or at all.

Credit risks could exist on liquid funds, bank balances and customer receivables. In addition, any risks involved with liquid funds are further minimized by allocating money deposits among several financial institutions.

Furthermore, potential default risk on customer receivables will be regularly evaluated and, if required, valuation allowances for bad debt provisions are recognized. In addition, the Company insures the risk of default caused by insolvency of a debtor by means of obtaining credit checks and from credit insurance for receivables to a frequent extent. Therefore, the Group considers the credit quality of receivables that are neither overdue nor impaired to be largely good. The maximum credit risk of the EM.Sport Media Group is equivalent to the carrying value of the financial assets.

Market risks

Market risks refer to risks from exchange rate and interest rate fluctuations and other risks from changes in the price base.

Currency risk

Based on its international positioning, the EM.Sport Media Group is exposed to currency risks as part of its normal business activities. The Group's exchange rates of primary concern are the Swiss franc and US dollar. Exchange rate fluctuations could give rise to undesired and unforeseeable profit and cash flow volatility.

Every subsidiary is subject to risks associated with exchange rate fluctuation when it transacts with international contractual partners incurring future cash flows therefrom that do not correspond to the functional currency of the respective subsidiary. The EM.Sport Media Group does not transact business activities in currencies with above-average volatility or otherwise notably risky.

Regarding material transactions, mainly in US dollar, the Group concludes currency hedging transactions to counter currency risk. Such derivative financial instruments are entered into with credit institutions. Financial instruments largely relate to future foreign currency cash flows for film projects. In general, the Group monitors that the amount of the hedging instruments does not exceed the underlying transaction.

As of December 31, 2008 forward currency contracts as hedging instruments were open. The strict prerequisites for hedge accounting under IAS 39 with respect to a fair value hedge are generally satisfied. Hedging transactions still open as of the balance sheet date relate to the acquisition of rights in US dollar and are expected to exist until September 2009.

Interest risk

Interest risk generally arises when market rates of interest fluctuate, which could improve or worsen the proceeds from deposits or payments for money procured. The interest fluctuation risk for the Group relates predominantly to current and non-current financial liabilities. Currently, the Group does not hold financial instruments to hedge against interest fluctuation risks; however interest-pooling exists in part for current account bank overdrafts. In addition, interest risks arise from mismatched maturities which the Group actively controls and analyzes the yield curve in particular.

At the present time the EM.Sport Media Group has a balanced ratio of non-current financial liabilities with fixed (convertible bonds and convertible loans) or variable interest conditions linked to the general development of the money market interest rates (non-current syndicated loan).

In times of rising interest rates, fixed interest agreements offer a corresponding safeguarding against additional costs. However, in times of falling interest rates they have the disadvantage that the Company cannot profit from that development. In the case of financial liabilities without flexible arrangements for withdrawal and repayment, fixed interest conditions provide adequate planning assurance.

In contrast, variable interest conditions allow for future fluctuations in credit withdrawing in credit agreements with high flexibility. Furthermore, the possibility exists to establish a fixed interest base through interest hedging instruments.

6.6 Risks from legal proceedings

Damage claims and shareholder lawsuits

Almost 900 shareholders have filed lawsuits against the former EM.TV & Merchandising AG and EM.TV AG, respectively, now EM.Sport Media AG. At the present time, proceedings are pending with about 300 shareholders. The total sum of the damage claims from proceedings still pending amounted to around 6.5 million Euro as of December 31, 2008.

The claims are based on a number of different circumstances and legal foundations; the background being the drop in the EM.TV stock price that occurred during 2000/2001.

So far, a total of 164 rulings have been reached in first instance, as well as 81 appeals, which partly are final rulings, respectively. Furthermore, in 19 cases, the Federal Court of Justice (Bundesgerichtshof) has ruled on complaints against non-admission of the revision or, respectively, on the revision itself. Over 190 lawsuits have now been finalized and are valid. In addition, a series of plaintiffs withdrew their lawsuits and their legal actions, respectively, prior to the courts reaching a decision.

In almost all cases, the courts delivered judgements in favor of the Company. So far, the Company has been ordered to pay damages, together with Messrs Haffa, in only one case. It cannot be ruled out that further plaintiffs be granted damages, in the event that their claims fall within the statute of limitations, the preconditions exist for liability and the plaintiffs succeed individually in proving causality. In any such case, the Company will reassert rights for recourse against former Board Members.

Several plaintiffs have filed petitions for rulings on certain facts and judicial subjects based on the German Statute Governing Representative Legal Actions on the basis of capital markets disputes (KapMuG). Some petitions have already been published in the lawsuit register. It is possible that further exemplary legal proceeding will be conducted on certain issues. A representative ruling would then have a binding effect on other cases.

The Company considers the overall risk from shareholder complaints to be low.

In connection with directors' liability suits on the part of the Company against former Management and Supervisory Board Members the Company is required to carry litigation costs in the, however, non-anticipated event of losing the case.

6.7 Tax risks

As part of the completed restructuring of the 4% convertible bond 2000/2005, which took place in 2004, the former EM.TV AG committed to the divestment of its indirect holding in the Tele München Gruppe (TMG). EM.TV Beteiligungs GmbH & Co. KG, a subsidiary of EM.TV AG, sold this shareholding at the end of 2004. This action resulted in no immediate tax liability for the former EM.TV AG. It cannot be ruled out that the loss from the sale will not be considered as deductible against taxes and thus can no longer be offset against future profits.

Within the scope of the restructuring, a number of companies in which EM.Sport Media AG and its corporate predecessors held a stake of more than 50 percent were transferred within the Group.

Should substantially new assets be allocated to these companies within the next five years, the tax loss carryforward at the time of the stock transfer would be lost.

7. Opportunities Report

7.1 Opportunities in the Sports Segment

Television

Through stable market share and high technical coverage as a special interest broadcaster, DSF considers itself to be well-positioned in facing growing competition for attractive sporting rights. Together with its sister company, Sport1, the TV station offers a sports platform that is unique within Germany, which enables DSF to target sports-oriented consumers. This represents a structural competitive advantage.

With the first exploitation rights in free-TV for the 2nd Soccer Bundesliga (until 2013), DSF has attractive top rights to ensure the presence of top level soccer on the station over the next few years and to increase the appeal of DSF to advertisers. With other sporting rights such as motorsports, ice hockey, basketball, tennis and cycling, the broadcaster has also secured an attractive rights portfolio extending well beyond 2008.

Increasing digitalization of media content is leading to new channels and distribution routes nationally and internationally, and also offers DSF the opportunity of additional program offers. Adequate viewer audiences for such offers are the prerequisites in order to profitably operate new channels from the beginning.

DSF plans to strongly position itself as a "content house" in the future and to produce and market its content for a variety of media channels. Successful collaboration has already been set-up with, for example, kicker.de, bild.de and spiegel.de. The setup of a nationwide network, editorial expertise and very short production paths represent DSF's very positive competitive advantages.

Production services

PLAZAMEDIA is counteracting the competitive and pricing pressure within the market for production services with its positioning as a premium provider that develops technically innovative solutions. Long-standing experience, corporate competence and size are factors that are growing in importance for customers and cooperation partners in the wake of economically tense times. It remains the objective of the PLAZAMEDIA group to intensify existing customer relationships while, at the same time, diversifying the customer base. The further internationalization of business activities is playing an important role in this process.

With its newly implemented eCenter, which is based on the media center taken over from DSF in 2007, PLAZAMEDIA is offering its customers a digital service platform for enhanced performance in program management, which could further improve customer loyalty. Experience with the eCenter in 2008 confirms this prediction.

In addition PLAZAMEDIA is increasingly seeking project-related cooperation with specialized partners to enhance technological performance. In the field of state-of-the-art moving camera systems, a multi-year exclusive cooperation was contractually agreed with the company TV Skyline. In this connection prospects arise from synergies from the extended group companies. Moreover opportunities have already arisen for the PLAZAMEDIA group from the ongoing consolidation of the production market.

Online

The establishment of particular communications products for specific target groups (sports communities) offers Sport1 the possibility to further expand its user base and to secure new income streams. The development of new product formats and business sectors also presents the opportunity for additional revenues and thus reduces dependence upon the classic online advertising market, whereby the company assumes that, despite the current economic downturn, the online advertising market will continue to be a growth market over the long-term.

Sport1 has had an economically successful business concept for many years, which has generated not only revenues from classic advertising and special advertising formats, but also revenues, among others, from content syndication, services and dialog marketing. Sport1 is therefore well-positioned on the sales side as the direct competition and has a solid starting position with regard to the anticipated phase of market consolidation.

7.2 Opportunities in the Film Segment

In the purchasing market, the Highlight group reaffirmed its solid market position, even in a difficult market environment, and achieved high awareness levels through its subsidiary Constantin Film AG. According to estimations of the Management Board, it will also in the future have the ability to adapt flexibly to changed competitive conditions.

At the end of 2006, the German Federal Film Fund (DFFF) was established, as initiated by Federal Government Commissioner for Culture and the Media, Mr Bernd Neumann. This organization makes funds totaling 180 million Euro available to refund production costs for films which meet certain criteria up to the end of 2009. In the meantime, it has been announced that these funds will be extended beyond 2010, which will have a continued positive effect on the film production environment in Germany.

In the TV service productions division, the Highlight subsidiary Constantin Film AG considers opportunities regarding the further expansion of foreign business and the broadening of distribution to other program providers. On one hand, these measures will reduce the current dependency on the existing customer base and on the other hand, due to market conditions, compensate, at least in part, sales drops, not be ruled out in 2009.

7.3 Opportunities in the Sports- and Event-Marketing Segment

On the basis of the renewed marketing success of TEAM in the sale of commercial rights to the UEFA Champions League and the new UEFA Europa League for the 2009/2010 to 2011/2012 seasons, good perspectives arise from the continued close cooperation with the European Football Association.

The same holds true for the existing, exclusive marketing partnership with the Vienna Philharmonic Orchestra as well as the European Broadcasting Union (EBU) with regard to the marketing of the Eurovision Song Contest. The marketing of further events will only be conducted after careful selection and agreement of the UEFA.

7.4 Opportunities from legal proceedings

Directors' liability suits against former Board Members

On October 13, 2004, EM.TV AG, now EM.Sport Media AG, filed a lawsuit at the Munich Regional Court I against former Board Members of the Company in connection with the acquisition of the Formula 1 shareholding in 2000.

In this proceeding no first-instance decision has been reached. The Company considers good chances to be ultimately successful in this case.

8. Outlook

8.1 Economic environment

The global economy in 2009 is in a considerable downturn with many countries indicating strongly recessive tendencies. Despite extensive government intervention aimed towards stabilizing the financial economy and very low prime rates, the banking industry has not calmed down yet; credit supply is still staggering. Investors and consumers have lost confidence for a sustainable turnaround. Therefore, it is uncertain whether government impulses will be sufficient to avert the direction of the worldwide deflation during the course of the year. Positive impetus should come from fallen raw material prices, which increase real disposable income and should stimulate demand.

At the end of January 2009, the International Monetary Fund (IMF) lowered its estimate of the global gross domestic product (GDP) for the year to 0.5 percent. By mid-March, according to press reports, the IMF again dropped the estimate to -0.6 percent. Consequently, the US economy and euro zone countries will most likely slide into a recession. In important emerging countries such as Brazil, Russia, India and China, growth will considerably weaken during the year.

The German economy is also most likely to lose dynamic in 2009 due to its high exports share. While the IMF predicted a drop in economic performance of 2.5 percent at the end of January 2009 for the entire year, the German Federal Government predicted a minus of 2.25 percent. Leading economic institutes forecast an even stronger fall in Germany's economic performance.

Sources:
Bundesverband deutscher Banken e.V., Economic Report January 2009, European Central Bank, Monthly Report January 2009, International Currency Funds, World Economic Outlook, January 2009, Federal Government press information, January 21, 2009, Reuters News, March 17, 2009

8.2 Sector environment

8.2.1 Sports Segment

In the Sports Segment, no changes in the difficult global macroeconomic conditions are expected in the near future. In view of the substantial economic downturn, a decline in sales is anticipated for the German TV advertising market. In the production market, conditions are expected to remain cloudy with customer cost awareness to remain on the high. Due to the consolidation of the pay-TV market pressure will increase in production industry, which could spiral into fiercer price competition.

The tense overall economic situation is expected to have a grave impact on the online market. Many platforms like community-sites, user-generated content-sites or video-sites are based on business models, which have not yet been able to profitably operate the websites. This is also the case for general and special interest sites in the sports online segment. With great probability this will result in planned revenues from many providers not being realized as expected and financing willingness will decline, particularly in the cost-intensive content platforms. The first signs of concentration, integration as well as suspended investments and fundings are already evident on the market.

8.2.2 Film Segment

In 2009 and subsequent years, the theatrical and TV production sector will face further competition, not only from UFA Cinema GmbH, a new production subsidiary for the theatrical productions of UFA, but from foreign studios and production companies as well. Therefore, in addition to the US studios already working the market, such as Universal, Twentieth Century Fox, Warner Bros, Sony and Disney, also Paramount will operate as an independent group starting in 2009. In the areas of license trading, distribution, home entertainment and production, the effect StudioCanal's entry in the Kinowelt Group will have on the overall business will remain to be seen in the coming years. Additional activities in terms of professionalism of the market are welcomed, but are also accompanied with higher costs in the production field.

8.2.3 Sports- and Event-Marketing Segment

In light of the ongoing outstanding status and popularity of European top soccer, market experts assume that the top clubs will be well-placed to relatively defy the substantial economic downturn. And despite such market turmoil, the strong base of loyal club fans, the close and long-standing relations with leading TV stations as well as the club soccer attractiveness will prove to be competitive strengths for the advertising industry.

Source: 12th Deloitte Football Money League 2009

8.3 Strategic Priorities in 2009

8.3.1 Group

Together with the Highlight group, EM.Sport Media AG – to be renamed Constantin Medien AG – plans to continue its strategy in becoming a leading media group in German-speaking countries, which already covers the entire added-value and exploitation chain within the sports as well as the film and TV production sectors.

For the coalescence of the companies – culturally, too – the management changes made at the executive committees of the three large Group companies EM.Sport Media AG, Highlight Communications AG and Constantin Film AG, as well as EM.Sport Media AG's shareholding increase in Highlight Communications AG were integral steps in the past year. The intention of Highlight Communications AG to transfer all shares held by other shareholders in its subsidiary Constantin Film AG (Squeeze-out), requested in order to call off Constantin Film's listing, will substantially simplify the Group structures.

8.3.2 Sports Segment

EM.Sport Media plans to continue on its successful strategic course within the Sports Segment – focusing on long term growth and improved profitability. To this end, EM.Sport Media will further refine the profile of its sports activities as an efficient and innovative alliance. The implementation of this strategy continues to accommodate organic growth, as well as growth through acquisitions.

As a reaction to the predictable consequences of the economic downswing, DSF offers individual, customer-tailored advertising packages and sponsorings as well as an optimized price structure. The focus is on pursuing new and creative ways for additional generation of diversification revenues and the reduction in production costs.

The PLAZAMEDIA group will extend its positioning as a technological innovations leader in the sports production field, because greater importance is now being attached to creating added-value for customers in the present industry environment. Moreover, further internationalization continues to play a major role.

For 2009, Sport1 has set the target to expand on the content offers via external cooperation projects and to simultaneously drop its own costs in the preparation of editorial content. In this context, Sport1 predicts marginal net growth in the relevant online advertising market. Furthermore, internal structures and processes shall be further optimized with the aim of alleviating the repercussions from the economic downturn and growing competition pressure.

8.3.3 Film Segment

Highlight Communications AG and its subsidiaries will continue to pursue their proven strategy of combining national and international in-house and co-productions with high-quality foreign titles in 2009 and the coming years. In addition, Constantin Film AG will concentrate on steady optimization to sustain the high quality of their national and international in-house productions.

Expansion of the added-value chain in the areas of TV entertainment, license trading and home entertainment is still proving to be strategically correct. In particular, Constantin Entertainment counts among the leading entertainment production companies on the German market.

Besides focusing on the core business and its lasting expansion in Germany, distribution and exploitation forms of digital media are also expected to be entered. For years Constantin Film AG has worked intensely on video-on-demand and its new forms (download-to-own and electronic-sell-through). In this field, it sought, at an early stage, to co-operate with suitable partners. In addition, the market for the distribution of mobile content and mobile TV are being watched very closely; whereby Constantin Film AG is concentrating its efforts on the economically efficient generation and supply of content. In the TV production sector further expansion in foreign operations still has priority.

In theatrical distribution, Constantin Film AG is planning a prospective total of 15 theatrical releases for the 2009 distribution year. In theatrical production, Constantin is planning to realize about 14 German and two international in-house and co-productions.

In the TV service production operations, the Constantin subsidiary Constantin Television is planning the sequel of the successful production of the daily program “Dahoam is Dahoam” for the Bayerischer Rundfunk. New projects are currently under way including the thriller “Whiteout” from the bestselling author Ken Follet.

In 2009 the home entertainment division is expected to profit from the new DVD and Blu-ray releases of Constantin cinema hits: in particular from the Bernd Eichinger production “The Baader Meinhof Complex”. In addition, the steadily growing library will gain in importance over the coming years, because the video exploitation rights to a number of catalog titles will successively fall back to Constantin Film AG.

8.3.4 Sports- and Event-Marketing Segment

The focus of the activities of the Highlight subsidiary TEAM in 2009 will still be on the sale of the commercial rights to the UEFA Champions League and the UEFA Cup (in future UEFA Europa League). Thereby, concentration will be on countries outside of Europe. From an operating perspective, the main priority will be on the second half of the European soccer season and on preparations for both annual highlight events: the UEFA Cup final on May 20, 2009 in Istanbul and the final of the UEFA Champions League on May 27, 2009 in Rome.

In addition, the plans are under way for the 2009/2010 season starting in August. TEAM is responsible for the handling of the 145 UEFA Champions League games and, for the first time also for the professional commercial implementation of the 205 matches of the new UEFA Europa League.

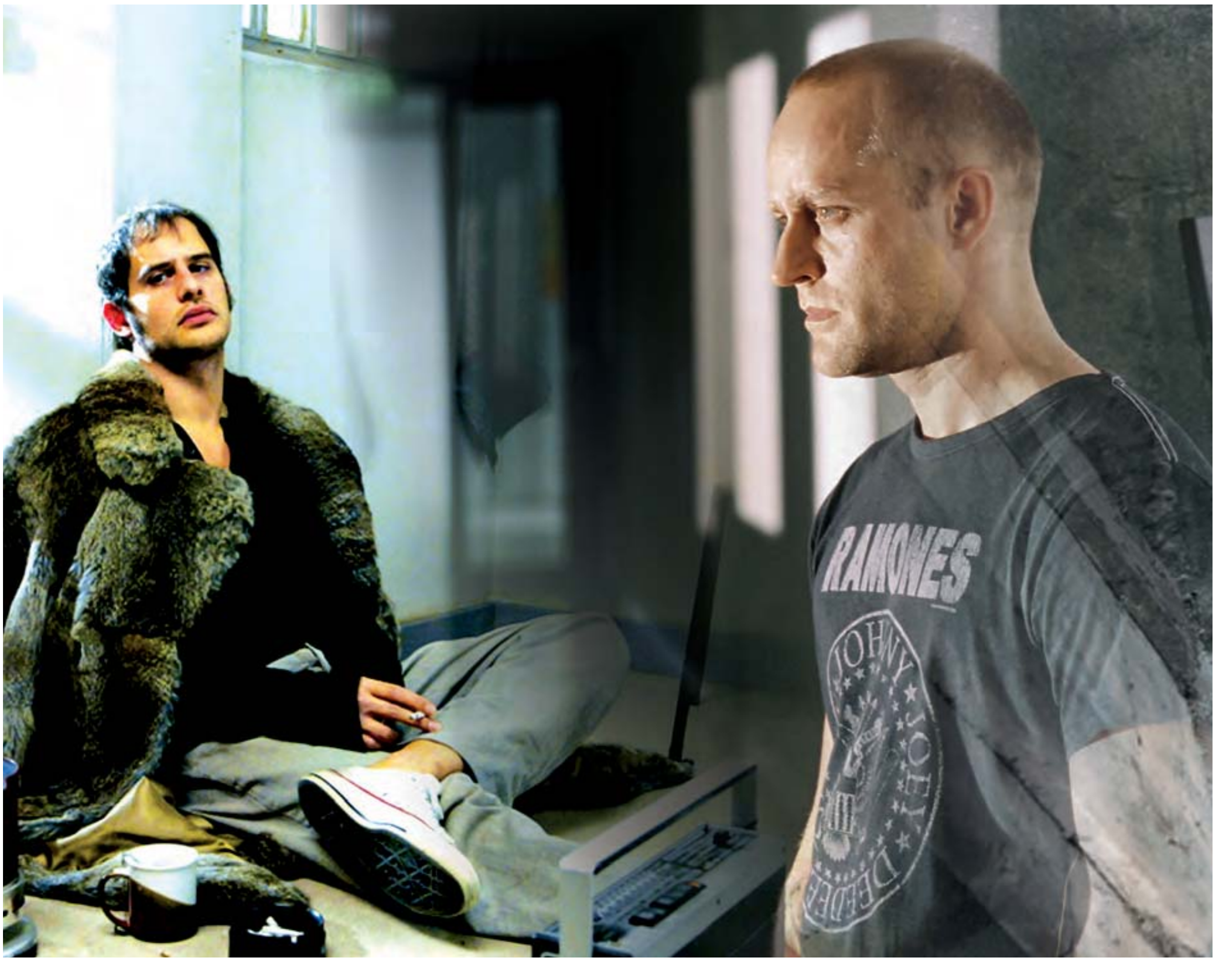
8.4 Financial targets

It is noted that actual results could significantly differ from expectations given about predicted developments if assumptions, as the background for the forward-looking statements, prove to be inapplicable.

Despite the deteriorated macroeconomic environments, the EM.Sport Media Group plans to generate sales in the range from 500 to 520 million Euro and positive earnings per share of between 0.04 and 0.06 Euro in 2009. Taking a look forward to 2010, EM.Sport Media AG's Management Board is refraining from quantifying its sales or earnings guidance, but does of course plan to further improve on the business development.

Ismaning, March 27, 2009
The Management Board

Bernhard Burgener	**Rainer Hüther**	**Antonio Arrigoni**
Chairman	Deputy Chairman	Chief Financial Officer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Assets

Consolidated balance sheet at December 31, 2008 in EUR '000

	Note	12/31/2008	12/31/2007
Non-current assets			
Film assets	5.1	187,020	0
Other intangible assets	5.2	109,040	5,137
Goodwill	5.3	89,018	51,395
Tangible assets	5.4	18,946	22,601
Investments in associated companies	5.5	4,647	109,577
Non-current receivables	5.8	2,755	0
Other financial assets		1,964	7,589
Deferred tax assets	5.14	4,918	9,047
		418,308	205,346
Current assets			
Inventories	5.7	3,325	557
Trade accounts receivable and other receivables	5.9/5.10	102,822	49,997
Receivables due from associated companies	5.11	0	2,267
Receivables due from joint ventures		41	3
Other financial assets	5.8	22,736	2,505
Tax receivables		6,048	3,587
Cash and cash equivalents	5.13	165,947	53,089
		300,919	112,005
Assets from discontinued operations	5.12	**461**	59,547
Total assets		**719,688**	376,898

Equity/Liabilities

Consolidated balance sheet at December 31, 2008 in EUR '000

	Note	12/31/2008	12/31/2007
Equity	5.15		
Subscribed capital		77,939	77,934
Treasury stock		-5,956	-8,088
Contributions to execute resolved capital increase		0	5
Capital reserves		158,020	147,772
Other reserves		9,737	-686
Retained earnings		-37,178	3,985
Shareholders' interests		-131,344	-41,163
Equity attributable to the shareholders		71,218	179,759
Minority interests		71,215	5,442
		142,433	**185,201**
Non-current liabilities			
Financial liabilities	5.18	81,934	107,884
Other liabilities		50	0
Pension provisions	5.19	3,771	195
Provisions	5.20	565	1,091
Deferred tax liabilities	5.22	37,019	6,224
		123,339	**115,394**
Current liabilities			
Financial liabilities	5.18	241,209	948
Advance payments received		53,304	210
Trade accounts payable and other liabilities	5.17	140,225	53,030
Payables due to joint ventures		0	92
Provisions	5.20	15,394	2,009
Tax provisions	5.21	3,327	1,393
		453,459	57,682
Liabilities from discontinued operations	5.12	**457**	18,621
Total equity and liabilities		**719,688**	376,898

Consolidated Profit and Loss Account

January 1 to December 31, 2008 in EUR '000

	Note	1/1 to 12/31/2008	1/1 to 12/31/2007
Sales	6.1	384,587	230,717
Change in inventories of work in progress and own work capitalized	6.2	411	29
Total output		384,998	230,746
Other operating income	6.3	25,297	17,832
Costs for licenses, commissions and materials		-55,112	-9,732
Costs for purchased services		-132,748	-114,601
Cost of materials and licenses	6.4	-187,860	-124,333
Salaries		-67,815	-47,351
Social security and pension costs		-10,175	-7,201
Personnel expenses		-77,990	-54,552
Amortization and impairment on film assets		-53,516	0
Amortization/depreciation and impairment on intangible assets and tangible assets		-30,133	-11,460
Impairment on goodwill		-88,288	-71
Amortization, depreciation and impairment	6.5	-171,937	-11,531
Other operating expenses	6.6	-75,353	-42,874
Loss/profit from continuing operations		-102,845	15,288
Earnings from investments in associated companies	6.7	-380	396
Financial income	6.8	6,193	3,037
Financial expenses	6.9	-27,244	-7,745
Financial result from continuing operations		-21,051	-4,708
Loss/profit from continuing operations before taxes		-124,276	10,976
Current taxes		-1,418	-1,153
Deferred taxes		539	-720
Income taxes	6.10	-879	-1,873
Loss/profit from continuing operations after taxes		-125,155	9,103
Net loss from discontinued operations after taxes	5.12	-3,993	-50,778
Net loss		-129,148	-41,675
thereof minority interests		2,196	-512
thereof shareholders' interests		-131.344	-41,163

January 1 to December 31, 2008 in EUR '000

	Note	1/1 to 12/31/2008	1/1 to 12/31/2007
Earnings per share	6.11		
Earnings per share attributable to shareholders, basic (in EUR)		-1.79	-0.64
Earnings per share attributable to shareholders, diluted (in EUR)		-1.79	-0.64
Earnings per share from continuing operations	6.11		
Earnings per share attributable to shareholders, basic (in EUR)		-1.74	0.15
Earnings per share attributable to shareholders, diluted (in EUR)		-1.74	0.15
Earnings per share from discontinued operations	6.11		
Earnings per share attributable to shareholders, basic (in EUR)		-0.05	-0.79
Earnings per share attributable to shareholders, diluted (in EUR)		-0.05	-0.79

Consolidated Cash Flow Statements

January 1 to December 31, 2008 in EUR '000

	Note	1/1 to 12/31/2008	1/1 to 12/31/2007
Net loss		-129,148	-41,675
Net loss from discontinued operations	5.12	3,993	50,778
Deferred taxes		-539	720
Taxes on income		1,418	1,153
Financial result		21,988	4,708
Loss/profit from investments in associated companies		380	-396
Amortization, depreciation, impairment and write-ups on intangible and tangible assets		171,799	11,531
Profit/loss from disposal of non-current assets		-8	313
Other non-cash items		16,248	114
Increase (-)/decrease (+) in inventories, trade receivables and other assets not classified to investing or financing activities		-16,031	-8,929
Decrease (-)/increase (+) in trade payables and other liabilities not classified to investing or financing activities		-4,750	-1,222
Dividends received from associated companies		1,220	0
Interest paid		-9,037	-6,943
Interest received		2,590	3,028
Income taxes paid		-1,328	-1,857
Income taxes received		914	770
Cash flow from operating activities, continuing operations		59,709	12,093

January 1 to December 31, 2008 in EUR ‘000

	1/1 to 12/31/2008	1/1 to 12/31/2007
Change in cash and cash equivalents due to acquisitions of companies/shares in companies	74,428	-1,019
Payments for intangible assets	-2,698	-1,336
Payments for film assets	-45,914	0
Payments for tangible assets	-7,287	-7,700
Payments for financial assets	-21,011	-82,454
Change in cash and cash equivalents due to deconsolidation, net	36,517	118
Proceeds from disposal of intangible assets	131	32
Proceeds from disposal of tangible assets	250	351
Proceeds from disposal of financial assets	0	1,200
Cash flow from/for investing activities, continuing operations	**34,416**	-90,808
Proceeds from capital increase and from issuance of equity instruments	45	887
Repayment of bonds	0	-30
Purchase treasury stock	-5,636	0
Sale treasury stock	4,000	0
Purchase of minorities	-4,837	0
Sale of minorities	6,953	0
Repayment and buy-back of non-current debt	-10,304	-28,697
Repayment of current debt	-14,280	0
Proceeds from receipt of non-current debt	0	30,000
Proceeds from receipt of current debt	44,098	948
Dividend payments	-297	-201
Cash flow from financing activities, continuing operations	**19,742**	2,907
Cash flow for discontinued operations	**-3,189**	-3,401
Cash flow from/for the reporting period	**110,678**	-79,209
Cash and cash equivalents at the beginning of the reporting period	53,089	132,313
Change in cash and cash equivalents due to exchange rate movements	2,180	-15
Cash and cash equivalents at the end of the reporting period	165,947	53,089
Change in cash and cash equivalents	**110,678**	-79,209

Changes in Consolidated Equity

January 1 to December 31, 2008 in EUR '000

	Subscribed capital	Treasury stock	Capital increase resolution	Capital reserves	Other reserves	Accumulated loss/ retained earnings	Shareholders' interests	Equity attributable to the shareholders	Minority interests	Total
Balance 1/1/2008	77,934	-8,088	5	147,772	-686	3,985	-41,163	**179,759**	5,442	**185,201**
Employee stock compensation					0			0		0
Foreign currency translation differences					4,147			4,147		4,147
Revaluation of assets					2,960			2,960		2,960
At equity accounting recognized directly to equity					1,568			1,568		1,568
Total income and expenses recognized directly in equity	0	0	0	0	8,675	0	0	8,675	0	8,675
Net loss/profit of the year							-131,344	-131,344	2,196	-129,148
Total income and expenses recognized	0	0	0	0	8,675	0	-131,344	**-122,669**	2,196	**-120,473**
Reclassification of prior year's net result						-41,163	41,163	0		0
Reclassification of capital increase resolution	5		-5					0		0
Capital increase from certificates		52		130				182		182
Change in treasury stock		2,080		10,125	2,187			14.392	-8,211	6,181
Other changes				-7	-439			-446	71,788	71,342
Balance 12/31/2008	77,939	-5,956	0	158,020	9,737	-37,178	-131.344	**71.218**	71,215	**142,433**

January 1 to December 31, 2007 in EUR '000

	Subscribed capital	Treasury stock	Capital increase resolution	Capital reserves	Other reserves	Accumulated loss/ retained earnings	Shareholders' interests	Equity attributable to the shareholders	Minority interests	Total
Balance 1/1/2007	70,907	-10,332	27	118,269	654	-5,948	9,882	**183,459**	6,292	**189,751**
Employee stock compensation					7			7		7
Foreign currency translation differences					-100			-100		-100
Revaluation of assets					-164			-164		-164
At equity accounting recognized directly to equity					-882			-882		-882
Total income and expenses recognized directly in equity	0	0	0	0	-1,139	0	0	-1,139	0	-1,139
Net loss of the year							-41,163	-41,163	-512	-41,675
Total income and expenses recognized	0	0	0	0	-1,139	0	-41,163	**-42,302**	-512	**-42,814**
Reclassification of prior year's net result						9,882	-9,882	0		0
Reclassification of capital increase resolution	27		-27					0		0
Acquisition of investments	7,000	2,000		28,864				37,864		37,864
Capital increase from convertible bonds		3	5	36				44		44
Capital increase from certificates		241		603				844		844
Release of special reserves					-51	51		0		0
Other changes					-150			-150	-338	-488
Balance 12/31/2007	77,934	-8,088	5	147,772	-686	3,985	-41,163	**179,759**	5,442	**185,201**

1. Notes to the Consolidated Financial Statements

The Management Board approved the consolidated financial statements on March 27, 2009 for submission to the Company's Supervisory Board.

1.1 General information

The Group parent company, EM.Sport Media AG, has its registered office in Muenchener Straße 101g, Ismaning, Germany.

The Company is listed on the regulated market (Prime Standard) of the Frankfurt Stock Exchange.

The divestment of the Entertainment Segment was executed on July 18, 2008. The divested companies were deconsolidated in the third quarter 2008.

In July 2008, EM.Sport Media AG acquired another 9.7 percent share – over several stages – in Highlight Communications AG, Pratteln/Switzerland ("Highlight"); thus raising its stake to a total of 47.3 percent in the share capital as of July 31, 2008. Based on this interest of 47.3 percent, EM.Sport Media AG exercises "de facto control" of Highlight Communications AG. Therefore, Highlight Communications AG has been included for the first time as of July 31, 2008, in the consolidated financial statements of the EM.Sport Media AG by way of full consolidation.

EM.Sport Media AG fully consolidates Highlight Communications AG on the basis of de facto control, because it assumes that – similar to the annual shareholders' meeting 2008 – it will possess a quorum majority presence at future annual shareholders' meetings of Highlight Communications AG. This particularly arises from the fact that based on a shareholding of 47.3 percent and only a few major stockholders, EM.Sport Media AG will not have a quorum presence majority if virtually 100 percent of the shareholders attend the annual shareholders' meeting and at the same time, the shareholders, which are stockholders of both EM.Sport Media AG and Highlight Communications AG vote against EM.Sport Media AG. EM.Sport Media AG deems this to be as highly unlikely.

Together with the full consolidation of Highlight Communications AG, the operating business of the EM.Sport Media Group encompasses the "Sports" Segment and the new Segments "Film" as well as "Sports- and Event-Marketing".

The Sports Segment continues to comprise of television activities, primarily the German TV sports station DSF Deutsches SportFernsehen, the Group's online activities (primarily the online portal Sport1.de) and the production activities of the PLAZAMEDIA group. The Film Segment contains activities of Constantin Film AG and its subsidiaries as well as the Highlight subsidiaries Rainbow Entertainment.

The Sports- and Event-Marketing Segment consists of the activities of Team Holding AG, an 80 percent shareholding of Highlight Communications AG, which distributes, as its main project, the UEFA Champions League via its subsidiaries.

Adjustment in the presentation of the balance sheet and profit and loss account

Because of the first time consolidation of Highlight Communications AG and its subsidiaries, EM.Sport Media AG adjusted the classification structure in the balance sheet and profit and loss account to present the additional Group activities according to their materiality. Subsequently, positions of minor importance have been summarized under individual sub-categories. In contrast, existing balance sheet line items have been supplemented by the new significant positions:

Film assets

The balance sheet now contains the asset item "film assets". Film assets include both acquired rights in third party productions (i.e. films not produced by the Group) and production costs for films produced within the Group (in-house and co-productions) as well as costs for developing new projects. Third-party productions normally encompass theatrical, video/DVD platforms and television (TV) rights. In-house productions also include service productions of the Group, which are exhibited by the Group.

Tangible assets

Tangible assets have been combined because of their materiality. This line item comprises land, property rights and buildings, technical equipment and machinery, other equipment, plant and office equipment and advance payments as well as assets under construction.

Non-current receivables

Non-current receivables have been inserted as a new line item in the balance sheet comprising receivables maturing 12 months or more after the balance sheet date.

Trade accounts receivable and other receivables

This balance sheet position combines trade accounts receivable and other assets, which were previously shown separately.

Trade accounts payable and other liabilities

The line items for trade accounts payable and other liabilities, which were previously shown separately in the balance sheet, have now been combined.

The consolidated financial statements are presented in Euros (EUR), which represent the functional and reporting currency of the Group's parent company. In general, the amounts are stated in thousands of Euros (TEUR or EUR '000) except where otherwise indicated.

Change in accounting estimates

The deterioration in the overall economic environment and the Group's framework conditions for business transactions have caused Management to change its accounting estimates with respect to current and future market developments. Consequently, a change in fair value arose, which resulted in an impairment loss on goodwill in the amount of EUR 88.3 million and revaluations to intangible and tangible assets, receivables, other financial assets and liabilities of EUR 24.7 million as well as recognized expenditure to a revaluation reserve in the amount of EUR 14.5 million.

In addition, Management corrected its estimation of the date of expected repayment of the convertible bond 2006/20013, because at the present time the shares of EM.Sport Media AG are significantly below the convertible price of EUR 5.85 per share. From today's standpoint it is more than likely that the creditors of the convertible bond 2006/2013 will make their claim for early redemption as stated in the bond conditions as of April 28, 2011. Therefore, a corresponding revaluation of the convertible bond was performed in the accompanying consolidated financial statements resulting in a one-off expense amount before taxes of EUR 4.0 million which is shown under the financial result.

2. Accounting Policies

2.1 Application of International Financial Reporting Standards

The consolidated financial statements of EM.Sport Media AG as of December 31, 2008 have been prepared – pursuant to § 315a (1) of the German Commercial Code (HGB) – in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and additionally with requirements of the German Commercial Code. All standards and interpretations are applied that were effective as of December 31, 2008.

An overview of the subsidiaries and associated companies included in the consolidated financial statements is provided in these Notes. The effects from first-time consolidation of subsidiaries and investments in associated companies are shown in the section "Scope of Consolidation" (see Note 3).

The profit and loss account has been prepared according to the nature of expense method.

The annual financial statements of the companies included in the consolidated financial statements are based on uniform accounting policies corresponding to the respective business activities.

The preparation of the consolidated financial statements in conformity with IFRS requires Management to use estimates and assumptions that affect the classification and measurement of reported income, expenses, assets, liabilities and contingent liabilities up to 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 that are considered reasonable under given circumstances. 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. Specific information on principles of estimates is separately described in the respective balance sheet position.

2.2 Changes in accounting policies

Change in presentation of cash and cash equivalents

The composition of cash and cash equivalents within the Group previously encompassed current cash and cash equivalents less current liabilities due to banks. Since June 30, 2008, the Group redefined the composition of cash and cash equivalents. Consequently, new funds comprise only cash and cash equivalents. Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are convertible to known amounts of cash at any time and which are subject to an insignificant risk of changes in value and have a maturity of less than three months starting from the date of acquisition. The Company expects that this change in the presentation of cash and cash equivalents will provide more transparency when comparing annual reports from other media companies. This new presentation does not impact the Group net results or the earnings per share. Changes in the presentation of cash and cash equivalents as of December 31, 2007 arose in the amount of TEUR 948.

Change in the treatment of borrowing costs

In the previous year, EM.Sport Media AG exercised the option under IAS 23 such that borrowing costs are generally not capitalized (benchmark treatment). For annual periods beginning on or after January 1, 2009 the amended IAS 23 requires the capitalization of borrowing costs that are attributable to qualifying assets. The removal of the option for immediate recognition of borrowing costs as an expense provides enhanced comparability and convergence in accounting standards. In anticipation of this change, exercise of the new option had already been performed in 2008 by capitalizing interest on borrowed capital directly attributable to qualifying assets (alternative treatment). Qualifying assets represent the Group's film assets. This accounting treatment corresponds to the accounting policies applied by Highlight Communications AG. This change in accounting treatment does not impact the previous year's figures of the EM.Sport Media Group.

Change in the recognition of actuarial gains and losses

Through the first-time consolidation of Highlight Communications AG, EM.Sport Media AG now consolidates material pension obligations for the first time. Actuarial gains and losses incurred from the measurement of pension obligations are allocated over the projected remaining period of service of the active employees if they exceed the corridor (10 percent of the larger of plan assets or pension obligation). They are no longer immediately expensed.

This change in the accounting method achieves consistency in reporting. This change does not materially impact the former pension obligations accounted for CREATION CLUB (CC) GmbH.

Change in the accounting of interests in joint ventures

The EM.Sport Media Group previously recognized interests in joint ventures on a proportionate basis pursuant to IAS 31.30. The new interests in joint ventures included in the consolidated financial statements arising from the full consolidation of Highlight Communications AG are accounted for using the equity method pursuant to IAS 31.38, which is anticipated to be the case according to changes planned by the IASB. Since the former interests in joint ventures of the EM.Sport Media Group were deconsolidated due to the divestment of the Entertainment Segment and the new interests in joint ventures of Highlight Communications AG are accounted for using the equity method, consistency in reporting is achieved from the change in accounting principle. If the interests in joint ventures previously included on a proportionate basis as of December 31, 2007 would have been accounted for according to the equity method, the assets and liabilities from discontinued operations as of December 31, 2007 would have been higher by TEUR 1,214. In the presentation of discontinued operations, the change results only in a shift between individual line items. Result from discontinued operations remains unchanged.

2.3 Accounting standards and interpretations applied for the first time

The Group applied the following IFRS new or revised accounting standards and interpretations for the first time. None of the following standards and interpretations had a material impact on the results of operations, net assets and financial position of the Group, but did result in additional required disclosures.

- IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (amendment)
- IFRIC 11, IFRS 2 – Group and Treasury Share Transactions
- IFRIC 12, Service Concession Arrangements
- IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures (amendment)

On October 13, 2008, the IASB issued amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures as a response to the current financial crisis. The amendments are also a response to the present development of financial markets and are intended to remove existing differences between US GAAP and IFRS with respect to the reclassification of some financial instruments, thus avoiding further distortion of competition.
The amendment was published in the Official Journal of the European Union on October 16, 2008, and came into force on the day following its publication. The amendments shall be applied retrospectively as of July 1, 2008.

IFRIC 11, IFRS 2 – Group and Treasury Share Transactions

According to this interpretation, agreements whereby an entity grants to its employees rights to equity instruments of the entity are accounted for as share-based payment arrangements by providing equity instruments if the entity buys equity instruments from another party or the shareholders provide the required equity instruments. IFRIC 11 is to be applied for annual periods beginning on or after March 1, 2007. According to the EU endorsement, the mandatory application of this IFRIC was delayed to annual periods beginning on or after March 1, 2008.

IFRIC 12, Service Concession Arrangements

IFRIC 12 deals with the accounting and measurement of rights and obligations to the operator arising from service concession arrangements. IFRIC 12 is to be applied for annual periods beginning on or after January 1, 2008.

IFRIC 14, IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 14 addresses the "asset ceiling" rule with respect to issues as to whether and to what extent refunds from the plan or reductions in future contributions to the plan will be available to the entity. IFRIC 14 is to be applied for annual periods beginning on or after January 1, 2008

The first time adoption of these Standards and Interpretations did not have a material impact on the Group's net assets, financial position and results of operations.

2.4 Newly issued standards, revised standards and interpretations not yet applied

In addition, the Group waived earlier adoption of the following new standards, revised standards and interpretations:

> IFRS 3, Business Combinations (revised)
> IAS 27, Consolidated and Separate Financial Statements (revised)
> IFRS 8, Operating Segments
> IAS 1, Presentation of Financial Statements (revised)
> IAS 23, Borrowing Costs (revised)
> IFRIC 13, Customer Loyalty Programs
> IFRIC 16, Hedges of Net Investment in a Foreign Operation
> IFRIC 17, Distributions of Non-cash Assets to Owners

Earlier adoption of the following amendments or revisions to standards was also not applied. The majority of these amendments resulted from the Annual Improvement Process of the IASB.

- IFRS 2, Share-based Payment (amendment)
- IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (amendment)
- IAS 1, Presentation of Financial Statements (amendment)
- IAS 16, Property, Plant and Equipment (amendment)
- IAS 19, Employee Benefits (amendment)
- IAS 20, Accounting for Government Grants and Disclosure of Government Assistance (amendment)
- IAS 23, Borrowing Costs (amendment)
- IAS 28, Investments in Associates (amendment)
- IAS 31, Interests in Joint Ventures (amendment)
- IAS 32, Financial Instruments: Presentation (amendment)
- IAS 36, Impairment of Assets (amendment)
- IAS 38, Intangible Assets (amendment)
- IAS 39, Financial Instruments: Recognition and Measurement – Eligible Hedged Items (amendment)

IFRS 3, Business Combinations and IAS 27 Consolidated and Separate Financial Statements (revised)

The revised IFRS 3 largely results in changes to the accounting of the residual value of goodwill (option to use the "full goodwill model" or the former "partial goodwill model"), the presentation of step acquisitions (revaluation of past acquisitions to profit or loss), the determination of acquisition costs (directly attributable incidental costs of acquisition are normally expensed immediately) and changes in individual aspects of recognition and measurement of identifiable assets and liabilities. The revised standard is generally to be applied on a prospective basis for business combinations with acquisition dates falling in annual periods beginning on or after July 1, 2009.
The revised IAS 27 mainly results in changes to transactions with minority interests and losses for minority interests in the consolidated financial statements. In addition, future retained interests under transitional consolidations are generally recognized at fair value to profit or loss. An increase or decrease in the investment interest held in a subsidiary shall be presented directly in equity in the future, provided that the parent company continues to have control.
The revised standard is to be applied for annual periods beginning on or after July 1, 2009.

IFRS 8, Operating Segments (revised)

Under IFRS 8 segment reporting must be based on the information used internally by management to identify operating segments and to evaluate their performance according to the management approach. Accordingly, an operating segment is a component of an entity whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. IFRS 8 is to be applied for annual periods beginning on or after January 1, 2009. The EM.Sport Media Group is currently evaluating the impact that the application of this standard may have on the net assets, financial position and results of operations of the Group.

IAS 1, Presentation of Financial Statements (revised)

Adoption of the amendments to IAS 1 is to be applied for the first time for annual periods beginning on or after January 1, 2009. Earlier adoption is permitted. The new amendments change the titles of the financial statements. One of the material amendments compared to the earlier version is that all income and expenses including those recognized directly in equity must now be disclosed in income (statement of comprehensive income).

IAS 23, Borrowing Costs (revised)

The amended IAS 23 removes the option of immediately recognizing as an expense borrowing costs that relate to the acquisition, construction or production of a qualifying asset. An entity is therefore required to capitalize borrowing costs as part of the acquisition or production costs of such assets. The revised Standard applies to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after January 1, 2009.

IFRIC 13, Customer Loyalty Programs

IFRIC 13 addresses accounting by entities that grant loyalty award credits (such as 'points' or travel miles) to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services (awards) to customers who redeem award credits. IFRIC 13 prescribes the accounting of multi-component agreements as defined by IAS 18.13. IFRIC 13 is to be applied for annual periods beginning on or after July 1, 2008.

IFRIC 16, Hedges of Net Investment in a Foreign Operation

IFRIC 16 concludes that only a hedged risk from exchange rate fluctuation between the functional currency of a foreign operation and the functional currency of the parent entity (but not the presentation currency of the parent entity's consolidated financial statements) can be a part of hedge accounting and the hedging instrument can be held by each company within the group to minimize the risk. IFRIC 16 is to be applied for annual periods beginning on or after October 1, 2008. The interpretation is to be applied prospectively.

IFRIC 17, Distributions of Non-cash Assets to Owners

IFRIC 17 clarifies the accounting of a dividend payable which should be recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity. IFRIC 17 is to be applied for the first time for annual periods beginning on or after July 1, 2009.

IFRS 2, Share-based Payment (amendment)

Amendments to IFRS 2 clarify the definition and treatment of vesting conditions and non-vesting conditions. It also addresses the change in the treatment of cancellations by another party other than the entity itself. The amendments are to be applied for the first time for annual periods beginning on or after January 1, 2009.

IFRS 5, Non-current Assets Held for Sale and Discontinued Operations (amendment)

Amendments to IFRS 5 relate to the classification of all assets and liabilities of a subsidiary held for sale, if the entity is committed to a plan to sell a subsidiary involving loss of control of that subsidiary the plan must satisfy the criteria under IFRS 5.6 to 5.8.
In addition, relevant information concerning discontinued operations should be disclosed if the subsidiary to be sold represents a discontinued operation within the meaning of IFRS 5. The amendments to IFRS 5 are to be applied for the first time for annual periods beginning on or after July 1, 2009.

IAS 1, Presentation of Financial Statements (amendment)

This change is a part of the IASB Annual Improvement Process and is intended to clarify that financial instruments classified as held for trading, in particular derivatives, are not required to be shown as current assets or current liabilities. Mandatory application is for annual periods beginning on or after January 1, 2009.

IAS 16, Property, Plant and Equipment (amendment)

The amendment to IAS 16 states that property, plant and equipment held for rental in the course of ordinary business activities and then intended to be sold in the course of routine activities after its rental are not subject to the provisions under IFRS 5. Such property, plant and equipment shall be transferred to inventories at carrying value. The amendments are to be applied for annual periods beginning on or after January 1, 2009.

IAS 19, Employee Benefits (amendment)

The IASB made a distinction between negative past service cost and curtailments. It was made clear that a change in the scope dependent on benefits from projected salary increases shall be classified as a curtailment and a reduction of benefits for past employment present negative past service costs. In addition, amendments were made to the calculation of income from plan assets.
The new provisions concerning changes in benefits are to be applied for annual periods beginning on or after January 1, 2009.

IAS 20, Accounting for Government Grants and Disclosure of Government Assistance (amendment)

The new amendment (applicable starting on or after January 1, 2009) relates to benefits from government loans with below-market rates of interest. Such interest benefits shall also be recognized as a government grant.

IAS 23, Borrowing costs (amendment)

The definition of borrowing costs was amended. It was clarified that the "effective interest method" under IAS 39 shall also be applied to the calculation of interest expense within the meaning of IAS 23. The new amendments are to be applied for annual periods beginning on or after January 1, 2009.

IAS 28, Investments in Associates (amendment)

The IASB decided that shares accounted for under the equity method shall be considered an asset and any impairment test required by the equity method should not be allocated to the assets (including goodwill), but shall be a correction to the equity value as a whole. To the extent that an increase in the recoverable amount arises in the period after the impairment recognition, then a corresponding write-up shall be recognized. The new amendments are to be applied for annual periods beginning on or after January 1, 2009.

IAS 31, Interests in Joint Ventures (amendment)

For purposes of avoiding additional disclosure requirements under IAS 32 and IFRS 7, the general necessary disclosures under IAS 31 concerning interests accounted for at fair value through profit or loss in conformity with IAS 39 Financial Instruments: Recognition and Measurement were deleted. The special disclosures under IAS 31 for interests in jointly controlled entities however remain in place. The new amendments are to be applied for annual periods beginning on or after January 1, 2009.

IAS 32, Financial Instruments: Presentation (amendment)

On February 14, 2008, the IASB published amendment to IAS 32 Financial Instruments: Presentation and to IAS 1 Presentation of Financial Statements: Financial instruments with return rights and obligations arising only on liquidation. The amendment contains new rules for the accounting of puttable instruments giving the holder the right to put the instrument back to the issuer as well as instruments imposing an obligation in the course of liquidation. The new amendments are to be applied for annual periods beginning on or after January 1, 2009

IAS 36, Impairment of Assets (amendment)

The performance of impairment tests according to the "fair value less costs to sell" concept on the basis of the "discounted cash flow method" requires the same disclosures as for the application of the value in use concept. The new amendments are to be applied for annual periods beginning on or after January 1, 2009.

IAS 38, Intangible Assets (amendment)

The amendment to IAS 38 requires the recognition of expenses for advertising and promotional activities at the date the entity has access to the goods or services.

Another amendment to IAS 38 states that under certain circumstances the unit of production method of amortization can be used if it results in lower cumulative amortization compared to the straight-line method. This was previously allowed only under rare exceptions. The new amendments are to be applied for annual periods beginning on or after January 1, 2009.

IAS 39, Financial Instruments: Recognition and Measurement –Eligible Hedged Items (amendment)

The amendments to IAS 39 Financial Instruments: Recognition and Measurements – Eligible Hedged Items were issued on July 31, 2008. The IASB explained the prerequisites concerning the designation of inflation risks in financial hedged items and the possibility, of designating options as one-sided risks in a hedged item. The amendments are to be applied retrospectively for annual periods beginning on or after July 1, 2009.

The following pronouncements had not yet been endorsed by the EU as of December 31, 2008:

- IFRS 3, Business Combinations (revised)
- IAS 27, Consolidated and Separate Financial Statements under IFRS (revised)
- Amendments to IAS 32 and IAS 1, Financial Instruments with rights of return and obligations only in liquidation (amendment)
- Amendments to IFRS 1 and IAS 27, Costs of interests in subsidiaries, jointly controlled entities or associated companies (amendment)
- Amendments to IAS 39, Financial Instruments: Recognition and Measurement – Eligible Hedge Items (amendment)
- IFRIC 12, Service Concession Arrangements
- IFRIC 16, Hedges of a Net Investment in a Foreign Operation
- IFRIC 17, Distributions of Non-cash Assets to Owners

The EM.Sport Media Group is currently evaluating the impact that the application of these Standards and Interpretations may have on the results of operations, net assets and financial position of the Group, but does not foresee a material impact.

3. Scope of Consolidation

The following changes in the scope of consolidation arose during the fiscal year 2008:

Acquisitions, new formations and first time consolidation

TRIDEM SPORTS AG

On April 23, 2008, EM.Sport Media AG established the company TRIDEM SPORTS AG based in Wollerau/Switzerland. The business activities of the company comprise the acquisition and sale of all sports rights; the management, sales and organization of all types of sports events; the consulting and marketing of sports associations as well as the representation and consulting of athletes. The EM.Sport Media Group holds 80 percent of the registered shares of TRIDEM SPORTS AG with a total nominal value of TCHF 80. The company is included in the consolidated financial statements on a full consolidation basis.

AdImpulse Media GmbH

In April 2008, EM.Sport GmbH, a wholly-owned subsidiary of EM.Sport Media AG, formed AdImpulse Media GmbH. EM.Sport GmbH holds 100 percent of the capital stock of AdImpulse Media GmbH in the amount of TEUR 25. The company's business activities include the marketing of online media and TV media as well as all related business transactions. Since commencing its operations during the second quarter of 2008, the company has been included in the consolidated financial statements on a full consolidation basis.

DSF Internet GmbH

DSF Deutsches SportFernsehen GmbH, a wholly-owned subsidiary of EM.Sport GmbH, formed DSF Internet GmbH in August 2008. DSF Deutsches SportFernsehen GmbH holds 100 percent of the capital stock of DSF Internet GmbH in the amount of TEUR 25. The business activities of the company include the operation of an internet portal and all related activities. Since commencing its operations in the fourth quarter of 2008, the company has been included in the consolidated financial statements on a full consolidation basis.

PLAZAMEDIA Swiss AG

PLAZAMEDIA GmbH TV- und Film-Produktion, a wholly-owned subsidiary of EM.Sport GmbH, formed PLAZAMEDIA Swiss AG in August 2008. PLAZAMEDIA GmbH TV- und Film-Produktion holds 100 percent of the capital stock of PLAZAMEDIA Swiss AG in the amount of TCHF 100. The business activities of the company include the consultation, conception, production, selling and marketing of services and products in the media and communications sector as well as all related activities. Since commencing its operations in the fourth quarter of 2008, the company has been included in the consolidated financial statements on a full consolidation basis.

Effects from first-time consolidation in EUR '000*

	Sales	Earnings after taxes	Non-current asets	Current asets	Non-current liabilities	Current liabilities
Subsidiaries (fully consolidated)						
AdImpulse Media GmbH	2,535	-1,000	111	1,324	0	510
DSF Internet GmbH	0	-1	3	24	0	0

* Values as of December 31, 2008.

Highlight Communications AG

With effect from May 29, 2008, EM.Sport Media AG acquired a further 5,329,030 shares in Highlight Communications AG, Pratteln/Switzerland, from KF 15 GmbH & Co. KG, Munich, thus increasing the stake in Highlight Communications AG from about 26.3 percent to about 37.6 percent. The purchase price consists of a cash component and treasury shares. The cash component was paid at the end of the first quarter of 2008 as an advance payment, while the issuance of treasury shares taking place during the second quarter. In July 2008, EM.Sport Media AG acquired a further 4,590,000 shares in Highlight Communications AG. In part, the shares were sold by Mr Bernhard Burgener, President of the Board of Directors of Highlight Communications AG, at the time and current CEO of EM.Sport Media AG, with effect from September 1, 2008. EM.Sport Media AG acquired 2,818,847 shares in Highlight Communications AG from him. Another 1,771,153 shares in Highlight Communications AG were acquired from other executive body members and the management team of Highlight Communications AG, respectively. This move increased the stake held by EM.Sport Media AG in Highlight Communications AG to 47.3 percent in share capital.

In all, the purchase price paid for the 47.3 percent stake in Highlight Communications AG totaled EUR 192.2 million; of which EUR 132.8 million was in cash and EUR 59.4 million represented shares in EM.Sport Media AG valued on the respective transaction date. Overall, 17,089,283 shares in EM.Sport Sport Media AG were issued; of which 10,089,283 represents treasury stock. In 2007, an amount of about EUR 109 million of the total purchase price had already been paid in cash for the acquisition of the 26.3 percent interest; thereof EUR 37.9 million represents shares in EM.Sport Media AG. Incidental acquisition costs amounted to EUR 4.0 million; of which EUR 1.2 million were already used in 2007 for the acquisition of the 26.3 percent shareholding.

The first-time full consolidation occurred as of July 31, 2008, on the basis of de facto control in conformity with IAS 27. Together with the acquisition of additional shares in July 2008, EM.Sport Media AG holds sufficient shares that EM.Sport Media AG will exercise quorum presence majority at the general shareholders' meetings of Highlight Communications AG. In conformity with IFRS 3.69, the first time consolidation is only preliminary because it can be assumed that additional information as part of the fair value measurement could arise with respect to the purchase price allocation. Until July 31, 2008, the investment in Highlight Communications AG group was shown as “investments in associated companies”.

For the months from August through December 2008, a loss of EUR 96.4 million was incurred due to amortization of allocable purchased intangible assets and impairment losses on goodwill acquired. The impairment loss was required because of the deterioration of overall economic environment which led to changes in the assumptions used for current and future market development. The impairment testing performed pursuant to IAS 36 as of September 30, 2008, resulted in the goodwill's net carrying value being less than the recoverable amount. The impairment loss on acquired goodwill amounted to EUR 88.3 million. In addition, the negative revaluation reserve incurred from the acquisition was released to the profit and loss account. This resulted in an expense amount of EUR 14.5 million, which is shown under other operating expenses.

The fair values of acquired assets and liabilities as of the date of acquisition are broken down as follows:

Net assets as of the acquisition date in EUR '000

	Fair values at the acquisition date	Purchase price allocation (preliminary)	Book values at the acquisition date
Non-current assets			
Film assets	195,113	23,500	171,613
Other intangible assets	112,517	111,924	593
Other non-current assets	13,686	531	13,155
	321,316	135,955	185,361
Current assets	206,429	0	206,429
Non-current liabilities	57,153	36,721	20,432
Current liabilities	327,046	0	327,046
Minority interests	59,191	53,452	5,739
Net assets	84,355	45,782	38,573
Net assets of shareholders	64,360	45,782	18,578
Proportionate change in equity unitl full consolidation	-2,582		
Revaluation reserve	14,952		
Goodwill from acquisition*	119,455		
Purchase price	196,185		

* Thereof for the Film Segment TEUR 59,682 and for the Sports- and Event-Marketing Segment TEUR 59,773.

If the Highlight group had been fully consolidated in the consolidated financial statements of EM.Sport Media AG already as of January 1, 2008, sales from the business combination for the period from January 1 to December 31, 2008 would have amounted to EUR 544.4 million. The net income of the combined entity prior to effects from purchase price allocation, recognized expenditure to the revaluation revenue and prior to goodwill impairment would have totaled EUR 10.4 million for the reporting period January 1, 2008 to December 31, 2008.

Deconsolidation

EM.TV Sport Management GmbH

EM.TV Sport Management GmbH, Ismaning, has been included in the consolidated financial statements since the business year 2005. EM.Sport Media AG held an option for the acquisition of 90 percent of the shares and voting rights. Since EM.Sport Media AG was in the position to exercise this option at all times, the company was included in the consolidated financial statements on a full consolidation basis due to these "potential voting rights" as defined under IAS 27.14.

With effect of the new gambling treaty from January 1, 2008, EM.Sport Media AG assumed that no new sports betting providers will be able to establish themselves in Germany for the time being, in spite of the current review of the gambling treaty as part of an EU proceeding. Therefore, EM.Sport Media AG terminated all option agreements, stopped its financial participation and abandoned its "potential voting rights", which thus resulted in the deconsolidation of EM.TV Sport Management GmbH on May 31, 2008.

The net assets of EM.TV Sport Management GmbH to be removed were offset by negative minority interests, which resulted in proceeds from deconsolidation of EUR 2.7 million. These proceeds were offset by expenses from loan write-downs in the amount of EUR 3.1 million. These items were shown in the Others Segment.

Divestiture of the Entertainment Segment

The divestiture of the Entertainment Segment, with its comprehensive scope of rights in children's and youth programming as well as its investment in the production and sales sector to the Belgian media company, Studio100, was executed on July 18, 2008 following approval by the antitrust authorities in charge as well as by the Bavarian Regulatory Authority for Commercial Broadcasting (BLM) and the Commission on Concentration in the Media (KEK). The deconsolidation of the Entertainment Segment was conducted on July 18, 2008. More detailed information can also be found under Note 5.12 "Non-current assets held for sale and discontinued operations."

The sales price of the Entertainment unit totaled EUR 45.0 million. Through the sale of the Entertainment unit, assets previously shown under discontinued operations of about EUR 55.0 million and liabilities of about EUR 15.5 million were deconsolidated. This dealt with fair values as of the date of deconsolidation. Deconsolidation led, after accounting of adjustments to the total purchase price, to a gain of EUR 0.6 million, which is included in the result from discontinued operations. Moreover, EM.Sport Media AG retains future proceeds from claims against the insolvency administrator of KirchMedia GmbH & Co. KGaA i.I. amounting to EUR 2.5 to 4 million.

Fully consolidated subsidiaries in 2008

	Location of the company	Shareholding in %	Period of inclusion	Currency	Equity in EUR '000	Net result from the most recent finan-cial year in EUR '000
EM.Sport GmbH*	Ismaning/Germany	100.00	1/1 to 12/31	EUR	40,795	0
DSF Deutsches SportFernsehen GmbH	Ismaning/Germany	100.00	1/1 to 12/31	EUR	17,500	0
DSF Internet GmbH	Ismaning/Germany	100.00	1/1 to 12/31	EUR	22	-2
PLAZAMEDIA GmbH TV- und Film-Produktion*	Ismaning/Germany	100.00	1/1 to 12/31	EUR	14,588	0
Creation Club (CC) GmbH*	Unterfoehring/Germany	100.00	1/1 to 12/31	EUR	1,207	0
PLAZAMEDIA Austria Ges.m.b.H.	Vienna/Austria	100.00	1/1 to 12/31	EUR	1,395	1,360
PLAZAMEDIA Swiss AG	Wollerau/Switzerland	100.00	1/1 to 12/31	CHF	76	-24
MUC Media GmbH	Munich/Germany	100.00	1/1 to 12/31	EUR	248	0
PMM Sports Production GmbH	Ismaning/Germany	100.00	1/1 to 12/31	EUR	330	-31
Sport1 GmbH	Ismaning/Germany	99.00	1/1 to 12/31	EUR	1,924	-351
Spocovi GmbH*	Ismaning/Germany	100.00	1/1 to 12/31	EUR	122	0
Kupferwerk GmbH community experts	Regensburg/Germany	80.00	1/1 to 12/31	EUR	-43	-69
AdImpulse Media GmbH	Ismaning/Germany	100.00	4/1 to 12/31	EUR	-953	-978
EM.TV Finance B.V.	Rijswijk/Netherlands	100.00	1/1 to 12/31	EUR	5,157	-4,348
TRIDEM SPORTS AG	Wollerau/Switzerland	80.00	4/23 to 12/31	CHF	-690	-790
ACC-Agentur für Communication und Concept Gesellschaft für Public Relation GmbH	Ismaning/ Germany	100.00	1/1 to 12/31	EUR	23	-4
Life On Stage GmbH	Unterfoehring/Germany	76.00	1/1 to 12/31	EUR	-3,077	-1,111
EM.TV Verwaltungs GmbH	Ismaning/Germany	100.00	1/1 to 12/31	EUR	21	-4
EM.TV Beteiligungs GmbH & Co. KG	Ismaning/Germany	100.00	1/1 to 12/31	EUR	201	203
EM-VA Film und TV-Produktions GmbH i.L.	Ismaning/Germany	100.00	1/1 to 12/31	EUR	5	3
EM.TV Supply GmbH i.L.	Ismaning/Germany	100.00	1/1 to 12/31	EUR	-2,947	-24
EM.TV Publishing GmbH i.L.	Ismaning/Germany	100.00	1/1 to 12/31	EUR	620	8
Highlight Communications AG****	Pratteln/Switzerland	47.30	8/1 to 12/31	CHF	130,897	195
Team Holding AG	Lucerne/Switzerland	80.00	8/1 to 12/31	CHF	35,287	34,308
Team Football Marketing AG	Lucerne/Switzerland	76.21	8/1 to 12/31	CHF	42,615	29,905
T.E.A.M. Television Event And Media Marketing AG	Lucerne/Switzerland	80.00	8/1 to 12/31	CHF	2,895	2,262
KJP Holding AG	Lucerne/Switzerland	100.00	8/1 to 12/31	CHF	45,511	8,024
Rainbow Home Entertainment AG	Lucerne/Switzerland	100.00	8/1 to 12/31	CHF	20,561	4,680
Rainbow Home Entertainment GmbH	Vienna/Austria	100.00	8/1 to 12/31	EUR	1,665	115

Fully consolidated subsidiaries in 2008

	Location of the company	Shareholding in %	Period of inclusion	Currency	Equity in EUR '000	Net result from the most recent financial year in EUR '000
Highlight Communications (Deutschland) GmbH	Munich/Germany	100.00	8/1 to 12/31	EUR	1,574	0
Constantin Film AG	Munich/Germany	97.83	8/1 to 12/31	EUR	72,340	4,937
Constantin Script & Development GmbH*	Munich/Germany	100.00	8/1 to 12/31	EUR	26	0
Constantin Media GmbH audiovisuelle Produktionen*	Munich/Germany	100.00	8/1 to 12/31	EUR	26	0
Constantin Film Produktion GmbH*	Munich/Germany	100.00	8/1 to 12/31	EUR	313	0
Constantin Television GmbH*	Munich/Germany	100.00	8/1 to 12/31	EUR	11	0
Constantin Film Services GmbH*	Munich/Germany	100.00	8/1 to 12/31	EUR	23	0
Constantin Film Development Inc.	Los Angeles/USA	100.00	8/1 to 12/31	USD	3,538	536
Constantin Production Services GmbH	Los Angeles/USA	100.00	8/1 to 12/31	USD	186	34
DoA Production Ltd.	London/UK	100.00	8/1 to 12/31	GBP	25	-29
Resident Evil Mexico S. DE R.L. DE C.V.**	Mexicali/Mexico	50.00	8/1 to 12/31	MEX$	11	0
Constantin Film International GmbH *	Munich/Germany	100.00	8/1 to 12/31	EUR	105	0
Constantin Pictures GmbH*	Munich/Germany	100.00	8/1 to 12/31	EUR	26	0
Constantin Entertainment GmbH*	Ismaning/Germany	100.00	8/1 to 12/31	EUR	301	0
Constantin Entertainment Polska Sp. Z o.o	Warsaw/Poland	80.00	8/1 to 12/31	PLN	4,928	4,134
Constantin Entertainment U.K. Ltd.	London/UK	100.00	8/1 to 12/31	GBP	-31	-15
Constantin Entertainment Croatia d.o.o.	Zagreb/Croatia	100.00	8/1 to 12/31	HRK	1,509	1,904
Constantin Entertainment Turkey TV Prodüksiyon Limited Sirketi***	Sirketi/Turkey	99.97	8/1 to 12/31	TRY	1,003	-1,247
Olga Film GmbH	Munich/Germany	95.52	8/1 to 12/31	EUR	862	38
bob Film GmbH	Munich/Germany	100.00	8/1 to 12/31	EUR	23	-5
Moovie – The art of entertainment GmbH	Berlin/Germany	51.00	8/1 to 12/31	EUR	-1,931	-1,370
Rat Pack Filmproduktion GmbH	Munich/Germany	51.00	8/1 to 12/31	EUR	-5,702	-3,466
Westside Filmproduktion GmbH	Krefeld/Germany	51.00	8/1 to 12/31	EUR	-2,469	-3,281
Constantin Film Verleih GmbH*	Munich/Germany	100.00	8/1 to 12/31	EUR	2,710	0
Classic Media Werbeagentur GmbH*	Munich/Germany	100.00	8/1 to 12/31	EUR	105	0
Constantin International B.V.	Amsterdam/Netherlands	100.00	8/1 to 12/31	EUR	887	35
Constantin Music Verlag GmbH*	Munich/Germany	100.00	8/1 to 12/31	EUR	70	0
Constantin Music GmbH	Munich/Germany	90.00	8/1 to 12/31	EUR	-16	-40
Königskinder Music GmbH	Hamburg/Germany	50.00	8/1 to 12/31	EUR	-310	31
Constantin Propaganda GmbH*	Munich/Germany	100.00	8/1 to 12/31	EUR	100	0

* Companies, which claim the disclosure option under § 264 (3) of the German Commercial Code (HGB).
** The company is held by Constantin Film Produktion GmbH (50%) and Constantin Film International GmbH (50%).
*** The company is held with a shareholding of 0.03% by Constantin Film Produktion GmbH.
**** Taking into account the treasury shares held by Highlight Communications AG, the capital share amounted to 48.08%.
The companies in which Highlight Communications AG is holding shares, are to be calculated with a shareholding of 47.3%.

Overview of non-consolidated companies

The following ten subsidiaries are individually and as a whole of immaterial significance for the true and fair view of the Group's net assets, financial position and results of operations. Therefore, these companies are not included in the scope of consolidation of EM.Sport Media AG.
The non-consolidated companies have been reported at a carrying value of TEUR 0. The companies are currently inactive and have no operations. The estimated fair value is approximately equivalent to the carrying value.

Non-consolidated companies

	Country	Curency	Share-capital in EUR '000	Shareholding in capital in %
Société Nouvelle Torii S.A.R.L.*	Paris/France	EUR	248	97.83
Greenland Film Production A.B.*	Stockholm/Sweden	SKR	100	97.83
Smilla Film A.S.*	Copenhagen/Denmark	DKR	500	97.83
Constantin Music Publishing US Inc.*	Los Angeles/USA	USD	1	97.83
She's French LLC **	Los Angeles/USA	USD	1	97.83
Impact Pictures LLC**	Delaware/USA	USD	1	49.89
Impact Pictures Ltd.***	London/Great Britain	GBP	1	49.89
The Dark Film Ltd.****	London/Great Britain	GBP	0	49.89
Sheep Ltd.****	Isle of Man/Great Britain	GBP	2	49.89
Constantin Entertainment Adria d.o.o.*****	Zagreb/Croatia	HRK	20	97.83

* Investment of Constantin Film Produktion GmbH
** Investment of Constantin Pictures GmbH
*** Investment of Impact Pictures LLC, USA
**** Investment of Impact Pictures Ltd., Great Britain
***** Investment of Constantin Entertainment GmbH

In addition the EM.Sport Media old group managed four (2007: four) non-consolidated shell companies.

Overview of interests in joint ventures

The interest in the joint venture listed below is included in the consolidated financial statements using the equity method:

Interests in joint ventures in 2008

	Shareholding in %	Period of inclusion	Currency	Equity in EUR '000	Net result from the most recent financial year in EUR '000
PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH, Munich	48.92	8/1 to 12/31	EUR	457	374

A detailed illustration of assets, liabilities, income and period results of the interests in joint ventures is presented under Note 5.6.

Overview of investments in associated companies

The investments in associated companies presented below are included in the consolidated financial statements using the equity method:

Associated companies in 2008

	Shareholding in %	Period of inclusion	Currency	Equity in EUR '000	Net result from the most recent financial year in EUR '000
BECO Musikverlag GmbH, Hamburg*	48.92	8/1 to 12/31	EUR	70	6
Escor Casinos & Entertainment SA Duedingen/Switzerland*	24.97	8/1 to 12/31	CHF	23,787	1,467

* This relates to figures as of December 31, 2007, because the financial statements for 2008 are not available.

A detailed illustration of assets, liabilities, income and period results of the investments in associated companies is presented under Note 5.5.

4. Accounting and Valuation Principles

4.1 Consolidation methods

All material subsidiaries are included at full consolidation in the consolidated financial statements. Subsidiaries are companies in which EM.Sport Media AG can directly or indirectly exercise control. Control constitutes the power to govern the financial and business operations of the subsidiary so as to obtain benefits from its activities. Normally in case EM.Sport Media AG directly or indirectly holds more than 50 percent of the voting rights or potential voting rights of a company. Companies in which EM.Sport Media AG directly or indirectly holds 50 percent or less than 50 percent of the voting rights, but exercises de facto control are also included at full consolidation in the consolidated financial statements of EM.Sport Media AG. Under de facto control, control arises neither from potential voting rights nor contractual or other agreements. EM.Sport Media AG has de facto control if it can exercise control at any time at the general/annual or shareholders' meetings on the basis of its voting rights without other shareholders joining together to establish a quorum presence majority.

Special purpose entities (SPEs) are included in the consolidated financial statements in case the Group controls the SPE on the basis of the nature of the relationship to the SPE.

In accordance with IFRS 3, the first-time capital consolidation is carried out by offsetting the acquisition costs of the investment against the revalued proportionate equity share in the subsidiary at the date of acquisition. For this purpose, assets and liabilities are stated at their fair values. The remaining positive difference amount is recognized as goodwill, which is subject to an annual impairment test. Any impairment loss arising therefrom is immediately expensed. Any negative difference arising from capital consolidation is reported in full as income in the year incurred.

The consolidation of interests in joint ventures, that is companies jointly managed by the Group and other partners, is conducted according to the equity method pursuant to IAS 31.38.

The investments in companies in which EM.Sport Media AG exerts significant influence, generally through an ownership interest between 20 and 50 percent of the voting rights are accounted for using the equity method (associated companies). The investments are recognized at their acquisition costs at the acquisition date. Any identified goodwill is included in the net carrying value and is not separately recognized.

The earnings of the associated companies are recognized by the Group on a proportionate basis and are attributed to the investment's net carrying value. Profit distributions from the associated companies reduce the investment's net carrying value. Impairment is subject to IAS 36, if triggering events for impairment arise.

Companies are deconsolidated in conformity with IAS 27 when the exercise of control in the respective company ceases. Deconsolidation represents a disposal of all assets including goodwill and liabilities as well as differences arising from foreign currency translation attributable to the subsidiary. Income and expenses incurred up through this date continue to be taken into account in the consolidated financial statements.

The effects from intercompany transactions have been eliminated. Receivables and payables between fully consolidated companies are offset against each other and any differences are eliminated to profit or loss. Interim profits, if material, are eliminated. Intercompany income is offset against the corresponding expense.

Minority interests represent that portion of profit or loss and net assets of the subsidiary attributable to equity interests that are not owned by the parent. Minority interests are separately reported in the consolidated profit and loss account and consolidated balance sheet. Classification in the consolidated balance sheet is shown within the equity section separately from the equity attributable to the shareholders' interests.

The acquisition of minority interests is accounted for according to the so-called “Parent Company Method”. Under this method the difference between the purchase price and the carrying value of the allocable net assets is recognized as goodwill. Upon the sale of shares to minority interests, this method leads to a proportionate reduction in goodwill and a gain or loss. Any gain or loss arises from the difference between the purchase price and the sum of the allocable net assets to be transferred and the proportionate goodwill to be reduced.

4.2 Foreign currency translation

Functional currency

For a majority of the consolidated companies the local currency is the respective functional currency. Some consolidated companies have a local currency that is not identical with its functional currency, to the extent that its local currency is not the currency of the economic environment in which the company mainly conducts its business.

Translation of foreign currency transactions

Transactions in currencies that are not the functional currency of the respective consolidated company are recognized by the company using the exchange rate in effect as of the transaction date.

Gains and losses from the settlement of these transactions and from the translation of monetary assets and liabilities are recognized to profit or loss. An exception arises for gains and losses from qualified cash flow hedges and from monetary items which – from a business management standpoint – are a component of the net investment in a foreign entity of the Group. Such gains and losses are recognized in the equity section of the balance sheet.

Foreign currency translation within the Group

The balance sheets of the foreign autonomous Group companies not stated in Euros are translated according to the functional currency method at the midrates as of the balance sheet date; profit and loss items are translated at average rates for the year. The differences arising from translation and from foreign currency translation of prior year amounts brought forward are recognized directly in equity.

Regarding foreign operations that are not autonomous units, the functional currency is the currency of the Group parent company. Monetary items are translated at the closing date rates; non-monetary items at the historical rates. The currency differences arising therefrom are directly recognized to profit or loss.

Upon the sale of a foreign consolidated company, cumulative translation differences of that company are recognized as part of the gain or loss on sale in the profit and loss account.

Foreign exchange rates 1 Euro

		Period-end exchange rate		Average rate	
	Currency	12/31/2008	12/31/2007	2008	2007
Switzerland	CHF	1.48880	–	1.58742	–
USA	USD	1.40970	1.47290	1.47134	1.37074
UK	GBP	0.97400	–	0.79635	–
Canada	CAD	1.72380	–	1.56127	–
Poland	PLN	4.15290	–	3.52259	–
Croatia	HRK	7.34060	–	7.23860	–
Mexico	MXN	19.42680	–	16.32216	–
Australia	AUD	–	1.68180	–	1.63592

The closing rates are based on the official midrates on the last trading day of the respective financial year.

4.3 Segment reporting

The primary reporting format used by the Group for segment reporting is the business segment, with secondary information reported geographically. Income and risks of the Group are mainly dominated by the products and services the Group produces and to a lesser extent on the geographical location of the company. This corresponds to the management and organization structure as well as the internal financial reporting of the Group.

The Group's business and geographical segments are determined on the basis of organizational units that report to the Group. The Group comprises of the segments: Sports, Film as well as Sports- and Event-Marketing. Certain Group management functions are shown under the central holding functions. These include Group Management, Corporate Finance, Investor Relations, Controlling, Legal, Group Accounting, Corporate Communications and Human Resources.

The Group's geographical segments are based on geographical location of its companies and shared features of the economic environment.

4.4 Film assets

The balance sheet now contains the asset item – film assets. Film assets include both acquired rights in third party productions (i.e. films not produced by the Group) and production costs for films produced within the Group (in-house and co-productions) as well as costs for developing new projects. The acquisition of rights in third-party productions normally encompasses theatrical, video/DVD platforms and television (TV) rights. In-house productions also include service productions of the Group, which are exhibited by the Group.

Film assets are accounted for according to the provisions under US GAAP. The costs for third-party productions generally comprise of minimum guarantees. The single installment payments of the minimum guarantee are recognized as advance payments received and capitalized as film assets upon delivery and acceptance of the materials.

In-house productions are recognized at production cost. So-called "release costs" are not capitalized, but are immediately expensed when incurred. Release costs consist of costs incurred for the exploitation of the film, such as for example, press and marketing costs. Production costs for film copies are capitalized and recognized as an expense upon the collection of the corresponding theatrical revenues. Borrowing costs directly attributable to the respective production are capitalized.

The amortization of film rights (both third-party and in-house productions) is conducted on the basis of a unit of production method, which shows the consumption of used film rights as a factor of the revenues that can be achieved. This method is known as the "individual film forecast method". According to this method, a film title is amortized in the period on the basis of a quotient "revenues generated from the film in the period divided by estimated remaining total revenues generated by the film multiplied by the residual carrying value of the film". The estimate of ultimate revenues used in calculating amortization includes all income generated by the film. With respect to video/DVD sales revenues, amortization is based on external sales revenues adjusted by video/DVD costs. For films, accounted for as film assets by Constantin Film, the maximum period for estimating revenues is ten years.

The estimation of total revenue is reviewed at the end of each quarter and adjusted, if necessary. The quotient for the amortization charge is determined on the basis of any adjusted total revenue. An impairment test is conducted for each film title. If the cost or carrying value plus release costs to be incurred from a film title are not covered by the estimated total revenue, a write-down to the value in use is recognized as a result of an impairment test. To calculate impairment the estimated non-current revenues are discounted by a weighted average rate of 3.6 percent. Estimated total revenue can be significantly impacted by a number of factors, such as market acceptance and anticipated income from the film title. The EM.Sport Media Group examines and revises sales forecasts and amortization and write-downs as soon as changes arise in the previous forecast data used.

Capitalized costs for the development of new projects (in particular, screenplay/script rights) are regularly reviewed as to whether they can still be used as a basis for film productions. If, after three years of initial capitalization of project costs, the start of shooting or sale of rights are not yet reliably measurable, the costs are fully written-down. Upon incurrence of triggering events, an impairment charge is recognized accordingly.

4.5 Other intangible assets

Other intangible assets mostly encompass software programs and intangible assets identified as part of the purchase price allocation, such as customer relationships. Intangible assets are recognized at cost and subject to straight-line amortization and impairment loss. More information is given in the Note "Impairment of non-financial assets". For software programs, the amortization period is generally the normal estimated useful life of three years (software).

The indefinite-lived intangible assets include the brand name "Constantin". This asset is not subject to amortization, but is instead tested for impairment once a year and during the year if triggering events should arise.

4.6 Goodwill

Goodwill is recognized at cost. Goodwill arises from the difference between cost and the allocable fair value of identifiable purchased assets, liabilities and contingent liabilities at the acquisition date. Goodwill is allocated to the segments as cash-generating units (CGUs).

In accordance with IAS 36 an impairment test is performed once a year as well as during the year if triggering events should arise that indicates a possible impairment. Goodwill is not amortized.

4.7 Tangible assets

Tangible assets comprise land, property rights and buildings, technical equipment and machinery, other equipment, plant and office equipment as well as advance payments and assets under construction.

Land, property rights and buildings are recognized at acquisition cost less scheduled depreciation based on an estimated useful life of 3 to 27.5 years on buildings, if applicable. Technical equipment and machinery as well as plant and office equipment are recognized at acquisition cost less scheduled depreciation and impairment loss, if any. Scheduled depreciation is on a straight-line basis over an estimated useful life of between 3 and 23 years. Repairs and maintenance costs are normally charged directly to income on the date incurred. Extensive renovations or leasehold improvements are capitalized. Renovations are also depreciated over the aforementioned estimated useful life. In case of disposal of an asset, the acquisition cost and related accumulated depreciation is derecognized and the gain or loss arising from disposal is recognized in the profit and loss account.

4.8 Impairment of non-financial assets

Goodwill at the cash-generating unit level and intangible assets with an indefinite useful life are tested once a year for impairment in accordance with IAS 36 and more frequently if triggering events indicate possible impairment.
Other intangible assets and tangible assets are subject to impairment testing according to IAS 36 if there is any indication that an asset may be impaired.
A triggering event for impairment would be a material fair value reduction of an asset, significant changes in the macroeconomic business environment, substantial indication of obsolescence or changes in revenue forecasts. The basis for the impairment test is the calculation of the recoverable amount, which is the higher of the fair value less costs to sell and its value in use. If the calculation of the recoverable amount is made in the form of its value in use, corresponding cash flows are used. Where the recoverable amount is below the carrying value an impairment loss shall be recognized.

The determination of the recoverable amount contains estimates and assumptions by management. The estimates and assumptions underlie parameters based on current information available. On the basis of these changes in assumptions or circumstances that are beyond the company's influence could require changes in the initial forecasts, which could lead to adjustments in the net carrying value.

Regarding intangible assets (except for goodwill) and tangible assets, reversals of impairment losses recognized in prior periods are to be reported if the reason for impairment no longer exists. If reversals arise, the write-up amount is recognized to profit or loss up to a maximum of the amortized cost.

4.9 Inventories

Service productions under development

Inventories include screenplays for service productions under development (refer to Note 4.22 Service productions).

Merchandise

Merchandise, mostly consisting of DVDs, is recognized at acquisition or production costs or the lower net realizable value (sales-oriented, loss-free measurement) in accordance with the lower of cost or market value principle. The net realizable value is the estimated selling price in the ordinary course of business less the selling costs. Acquisition or production costs are determined by the "first-in, first-out method" (FIFO).

Raw materials and supplies

Raw materials and supplies are stated at cost or the lower expected net realizable value. Acquisition or production costs are determined by "the average method". Slow-moving or non-marketable balances are written-down in full.

4.10 Non-current assets held for sale

Non-current assets (or a disposal group) are classified as held for sale and stated at the lower of its carrying value and fair value less costs to sell if its carrying value will be recovered principally through a sale transaction rather than thorough continuing use. Classification as held for sale requires in conformity with the criteria under IFRS 5.

4.11 Financial instruments

Available-for-sale financial assets

This position is predominantly for financial assets not classifiable to other categories under IAS 39. This position comprises investments in shell companies which do not have operating activities.
The financial assets are initially measured at fair value, which corresponds to the stock price as of the balance sheet date. If there is no market value, the fair value is determined on the basis of comparable market transactions. Any gain or loss arising from measurement as of the balance sheet date is recognized directly to equity. If the fair value of an equity instrument cannot be reasonably measured, the equity instrument is carried at amortized cost. Recognition to profit or loss first occurs upon derecognition of such financial assets. Any impairment loss is recognized to profit or loss.

Where an active market does not exist or no longer exists, the fair value of the financial instruments is determined on the basis of recognized valuation methods. Financial investments in equity instruments where a listed price does not exist on an active market and its fair value cannot be reliably measured, the cost value is applied. If write-downs are taken on such financial instruments, such write-downs may not be cancelled.

Management classifies financial assets at the time of acquisition and reviews this classification at regular intervals to determine whether the criteria for classification still apply. All regular way purchases and sales of financial assets are recognized on the trade date. The acquisition costs include transaction costs.

Held-to-maturity financial investments

Held-to-maturity financial investments are non-derivative financial assets with fixed or at least determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. As in the previous year, there were no held-to-maturity financial investments as of December 31, 2008.

Loans and receivables

Financial instruments classified to this category are carried at amortized cost using the effective interest method.

Current trade accounts receivable as well as other current receivables are stated at cost. Non-interest-bearing monetary receivables maturing after one year are discounted at a term-adequate interest rate. In conformity with IAS 18 (Revenue), the net value of the transaction is shown under revenue in the accompanying consolidated financial statements.

If collectability of the receivable is doubtful, customer receivables are stated at the lower realizable amount. The net carrying amounts are approximately equivalent to the fair value.

In addition, specific valuation allowances are recognized for receivables with differing risk classes, which take account of historical default rates. The respective receivables are then written-down according to an average default rate.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are shown under the line item other financial assets. The category of financial assets at fair value through profit or loss generally contains financial assets held for trading and financial assets designated by the company upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired or incurred principally for purpose of selling them in the near term. Derivatives are also classified as held for trading, except for a derivative relating to financial guarantees or that is a designated and effective hedging instrument (hedge accounting).

Financial assets are initially designated as financial assets at fair value through profit or loss if such classification eliminates or substantially reduces mismatching arising from the recognition of assets otherwise undertaken or the recognition of gains and losses from different accounting policies.

Initial measurement is at fair value. Realized gains and losses from changes in the fair value of the financial instruments are reported to the profit and loss account on the date incurred.

Subsequent measurement is at fair value which corresponds to the stock price as of the balance sheet date. If there is no market value, the fair value is determined by applying a valuation method. Valuation methods include the application of most recent business transactions between knowledgeable, willing parties in an arm's length transaction, comparison with current fair values of another, mostly identical financial instrument, as well as analysis of discounted cash flows and use of other valuation models.

4.12 Hedge Accounting

The Group basically applies derivative financial instruments to hedge against exchange rate fluctuation for film rights purchased in foreign currencies. This largely deals with film rights purchased in the US dollar. Exchange rate risk arises from the exclusive receipt in Euros from the rights exhibited.

At the inception of a hedge, both the hedging relationship and the Group's risk management objectives and strategies with respect to the hedge are formally designated and documented. The documentation contains the identification of the hedging instrument, the hedged item and the nature of the risk being hedged and a description as to how the Company assesses the effectiveness of hedging instruments in offsetting exposure to changes to the fair value of the hedged item.The hedging instruments deal with "plain vanilla instruments" (currently only forward contracts). Such hedging relationships are judged highly effective with regards to achieving offsetting changes in the fair value attributable to the hedged risk. The hedge is regularly assessed in order to determine whether they were actually effective throughout the financial reporting periods for which the hedging relationship was designated. Effectiveness is determined by applying the "dollar-offset method".

For purposes of accounting for hedging relationships, hedging instruments are classified as fair value hedges if it involves a hedge of exposure to changes in the fair value of a recognized asset or liability or unrecognized firm commitment (fair value hedge). In this case, this deals with unrecognized firm commitments for film right purchases. Exchange rate fluctuations automatically lead to price fluctuations for film rights. Since collection from the exhibition of such rights is exclusively in Euros, fluctuations have a direct impact on the gross profit of the film.

Derivative financial instruments are recognized as an asset if its fair value is positive, and as a liability, if its fair value is negative. The fair value of forward exchange contracts is linked to bank valuations. The valuations are determined by the same banks used in concluding the underlyings. Since these deal with plain vanilla instruments, valuations from other banks are waived.

A forecast transaction is recognized as an asset if its fair value is positive, and as a liability, if its fair value is negative.

Derivatives are initially recognized at fair value at the time of contract conclusion. Derivatives are also subsequently measured at fair value. Forecast transactions are also initially recognized at fair value and subsequently measured at fair value as well. Gains or losses from the remeasurement of derivatives or hedged items are recognized to profit or loss under production costs. The ineffective portion is recognized in the form of basis adjustments.

Differences between the result from hedging instruments and the result from hedged items arise from hedge ineffectiveness as part of fair value hedge accounting.

Effectiveness represents the degree to which changes in the fair value of the hedged item that are attributable to a hedged risk are offset by changes in the fair value of the hedging instrument. Measuring effectiveness is conducted by comparing previous changes in fair value of the hedged item that are attributable to a hedged risk with the previous changes in fair value of the hedging instrument. Actual results from the hedging relationship underlie a range of between 80 and 125 percent.

4.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks and deposits held at call with banks and demand deposits with banks and other financial institutions. These items are only recognized as liquid funds if they are convertible to known amounts of cash and cash equivalents at any time, are exposed to only minor fluctuations in value and have an original maturity of or less than three months starting from the date of acquisition.

4.14 Share-based compensation

Pursuant to IFRS 2.53, all options granted to employees or Members of the Management Board after November 7, 2002 and not yet exercised as of January 1, 2005 are stated at fair value as of the respective grant date on the basis of the "Black-Scholes model". Personnel expenses incurred therefrom are allocated over the remaining holding period taking into account fluctuations. Estimates not pertaining to market conditions are examined at each balance sheet date. Changes to original estimates are recognized to other reserves over the remaining term with an impact on income. Regarding options granted before November 7, 2002, and not recognized according to IFRS 2 are subject only to disclosure obligations.

4.15 Liabilities

Liabilities consist of current and non-current financial liabilities (liabilities due to banks), trade accounts payable, advance payments received and other liabilities and are recognized at amortized cost. Low or non-interest-bearing non-current liabilities, as far as the interest effect is material, are initially measured at present value and accrue interest until maturity. Liabilities for outstanding invoices are shown under trade accounts payable.

4.16 Post-employment benefits

Post-employment benefit obligations encompass both defined benefit as well as "defined contribution plans". The most important post-retirement benefit plans are in Switzerland. Practically all employees in Switzerland are members of a benefit plan based on the Swiss defined-contribution system which surpasses the minimum requirements governed by Swiss law. Contributions are paid by the individual companies and employees. The employees' contributions are defined as a percentage of their assured annual salary and deducted on a monthly basis. The amounts deducted from salaries to cover the post-retirement benefits vary according to age. The benefits cover old-age pension, invalidity benefits, benefits in the event of death and benefits for surviving dependants. These post-employment plans fall within the scope of IAS 19 and are subject to the provisions for "defined benefit plans".

The pension obligations have been determined on the basis of actuarial reports. The actuarial valuation of defined benefits and other similar post-employment benefits shown under the provisions for pensions and other similar obligations is calculated using the "projected unit credit method". The projected unit credit method prescribes the measurement of future obligations on the basis of allocable pension benefits accrued as of the balance sheet date.

The valuation takes into account actuarial assumptions as to the discount factor for calculating the present value of obligations, the projected future development of salaries and pensions and the long-term expected return on plan assets. The discount factors are based on the market yields of premium industrial bonds.

Actuarial gains and losses, which include differences between assumptions and actual experience and remeasurement effects within the actuarial assumptions, are allocated to the profit and loss account over the expected remaining period of service of active employees if such gains or losses exceed the corridor (10 percent of the greater of plan assets or pension benefit obligations).

The provisions reported in the balance sheet correspond to the amount of the obligation less the fair value of plan assets and unrecognized actuarial gains and losses. In the case of defined contribution plans, the company pays contributions to publicly or privately administered pension schemes on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the company has no further payment obligations. The regular contributions constitute expenses for the year in which they are due.

Furthermore, the TEAM group maintains a support foundation for its management staff, organized as a so-called savings institution. The foundation holds a share in the capital of Team Football Marketing AG. The dividend income of Team Football Marketing AG is added to the savings deposits of the members of management. There were no contributions charged to the profit and loss account.

4.17 Other provisions

As defined by IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), provisions are recognized for currently existing obligations arising from past events that will probably give rise to a future outflow of funds, provided that a reliable estimate can be made of the obligation amount.

Provisions are measured in the amount of expected outflow of resources that is most likely to occur (best estimate). Non-current provisions with a material interest effect are recognized at the present value of the expected cash outflow using the current market rate of interest.

Provisions for onerous contracts (pending losses) are recognized when the unavoidable costs of meeting the obligation under the contract exceed the economic benefits expected to be received under it. Before a separate provision for an onerous contract is established, any impairment loss that has occurred on assets dedicated to that contract is recognized.

4.18 Borrowing costs

Borrowing costs directly attributable to qualifying assets are capitalized in the film production sector of the Group using the alternative treatment as prescribed under IAS 23. Borrowing costs attributable to non-qualifying assets are generally expensed immediately in the period incurred.

4.19 Deferred taxes

Deferred taxes are recognized in the consolidated financial statements for temporary differences between the carrying amount of assets and liabilities in the IFRS balance sheet and the balance sheet drawn up for tax purposes and for tax loss carryforwards likely to be realizable. Deferred tax assets relating to deductible temporary differences and tax loss carryforwards are recognized to the extent that it is sufficiently probable that taxable income will be available in the future to enable the tax loss carryforwards to be utilized.

In conformity with IAS 12.47 deferred taxes on temporary differences in the separate financial statements are calculated at the rates which – based on the statutory regulations in force, or already enacted in relation to future periods – are expected to apply in the individual financial statements at the balance sheet date. With effect from January 1, 2008, a new corporate tax reform applies to corporations in Germany. On one hand, the corporate income tax rate was reduced from 25 percent to 15 percent and on the other hand the trade tax base was reduced from 5 percent to 3.5 percent, which is related to trade taxes no longer being deducted from operating expenditure.

The effects from the corporate tax reform in Germany in 2008 were already reflected in the consolidated financial statements for the financial year 2007, when evaluating deferred taxes. An adjusted tax rate of 28.08 percent has been applied for valuing temporary differences, in the case it affects the tax base in Germany in the future.

Deferred tax assets and deferred tax liabilities are offset if they relate to income taxes levied by the same taxation authority and the same maturity. Deferred tax assets and liabilities from fiscal unity companies are offset.

The accounting of tax items often requires the use of estimates and assumptions which may vary from the actual tax charges at a later date.

Deferred taxes for positions recognized directly in equity are not posted to the profit and loss account, but also recognized directly in equity.

4.20 Equity

Shares outstanding are classified as equity. As soon as the Group acquires shares, the cash price paid including attributable transaction costs for the relevant shares is deducted from equity. If treasury stock is sold or issued, the cash price received is recognized to equity.

4.21 Revenue recognition

Group sales are derived from services rendered and sales invoiced to third parties excluding value-added tax and minus sales returns.

In the Sports Segment, revenues are recognized when the services are provided. Broadcast advertising revenues are generally recognized on the date the commercials are aired. In the production sector, revenues are recognized upon completion and acceptance of the production by the customer.

In the case of theatrical films, revenue is recognized up to the time of theatrical release. The theatrical revenue amount is directly related to the number of theatrical audiences. In line with the industry standard, the theatrical film rental billed by the cinema operator to the distributor is recognized as the distribution component of the total theatrical revenue. Theatrical film rental is calculated on the basis of a percentage of the box office receipts.

Revenue from service productions is determined using the "percentage-of-completion method" in order to recognize the share of total revenues for the reporting period (refer to Note 4.22 Service productions).

Revenue from TV rights (pay-/free-TV) is recognized as of the date the license takes effect, generally 18 to 32 months after the theatrical exploitation. With this form of exploitation of acquired film rights, revenue is realized upon the expiry of the contractual holdback period. Accordingly, revenue is realized as of the date the respective license becomes available.

With respect to global distribution, the Group generally receives minimum guarantees for the exploitation rights sold (theatrical, video/DVD platforms, TV rights). The revenues are allocated to the various types of revenue. Allocation is conducted on the basis of the empirical value in accordance with corporate planning at the following general rates for theatrical, video/DVD platforms and TV rights: 25 percent for theatrical rights, 15 percent for video/DVD rights and 60 percent for TV rights. The corresponding revenues are realized as follows: theatrical revenue upon theatrical release in Germany, video/DVD revenues six months after theatrical release, TV revenues 24 months after theatrical release. Revenues from global distribution sales without any minimum guarantee are recognized upon the royalty settlements received from the licensees.

Revenue from services, which is rendered over a certain period and for which the customer is periodically charged is recognized over the period in which the service is rendered.

Dividend income is recognized in the financial year the right to receive the payment is incurred.

Contracts with chargeable minimum guarantees are mainly concluded in the merchandising sector. This gives rise to corresponding revenues when the license period commences. If additional revenues reported by the licensee are in excess of these minimum guarantees, such amounts are recognized as revenues on the notice date.

Regarding own video/DVD exploitation, revenues from the number of video tapes and DVDs sold are recognized starting on the release date. Revenues arising from the licensing of video/DVD rights to video operators are recognized as of the date the license period commences.

4.22 Service productions

In accordance with IAS 11, service productions are recognized using the percentage of completion method (PoC) if the necessary criteria are fulfilled. Total contract revenues and attributable contract costs are recognized to profit or loss according to the stage of completion provided that earnings from the service production can be measured reliably.

In determining the stage of completion, the physical completion method is used for dailies and weeklies and the "cost-to-cost method" is used for TV films and event shows. Sufficient certainty with regard to earnings from a service production when determining the stage of completion according to the cost-to-cost method is usually achieved at the time the rough cut is accepted by the station.

If the earnings from the service production cannot be estimated reliably, revenue is recognized only to the extent of contract costs already incurred that is probable will be recovered from corresponding income ("zero-profit method"). Therefore, contract costs are recognized without a share in profits. If the uncertainties no longer exist at a later date, so that earnings from service productions can be estimated reliably, pro rata profits are realized according to the stage of completion.

Service productions in production are reported in the balance sheet under assets or liabilities as the amount between revenues realized and revenues billed. Screenplays for service productions under development are reported under inventories.

4.23 Lease

In the case of lease agreements in which the Group is the lessee, the leased asset and a corresponding lease payable is recognized in the same amount if economic ownership of the leased asset is attributable to the lessee (finance lease). In conformity with IAS 17 (Leases), this is the case if the finance lease transfers substantially all the risks and rewards incidental to ownership. In this case, the leased asset is initially recognized at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding lease payable is shown under non-current interest bearing liabilities in the balance sheet. The interest portion of the lease payable is recognized in the financial result section of the profit and loss account over the term of the lease agreement. As of December 31, 2008, no finance leases existed in the EM.Sport Media Group.

Where economic ownership of the leased asset is attributable to the lessor (Operating Lease), the leased asset is accounted for by the lessor. Lease payments under operating leases are recognized under other operating expenses in the profit and loss account over the term of the lease agreement.

4.24 Project promotions and subsidies

Project promotion

Promotion fundings are distinguished between project promotion related to contingently repayable loans and reference funds or film project promotion in conformity with the BKM guidelines (DFFF, German Federal Film Fund).

Project promotion as a contingently repayable loan

Film project promotion is granted in the form of a contingently repayable interest-free loan in accordance with the stipulations of the German film funding legislation and/or the relevant state funding regulations (e.g. rules of the Bavarian Film/Television Fund, FFF Bavaria). This is repayable as soon as and to the extent that the income received by the producer as a result from the exploitation of the film exceeds a certain amount. This category deals with government grants relating to assets. In the balance sheet, the grant amount is deducted from the carrying amount of the film asset, which will not have to be repaid with sufficient certainty.

As a rule, the amount that is not repayable with sufficient certainty is determined at the date of the theatrical release. In the event that it is determined at a later date that another portion of the loan has to be repaid, the carrying value of the film asset is increased by this amount and reported as a liability for the corresponding obligation at the same time.

The grant is recognized as income via a reduced amortization charge of capitalized production costs over the exploitation cycle of a film.

Project subsidies

Project subsidies are grants that do not have to be repaid, to which a producer is entitled for purposes of financing the project costs for a reference film depending on the number of box office admissions resulting from theatrical exploitation. This deals with public grants relating to assets. The subsidies are deducted from the carrying value of the reference film in the balance sheet starting on the shooting date of the subsequent film.

The grants are recognized as income via a reduced amortization charge of capitalized production costs over the exploitation cycle of the film.

Film project promotion in accordance with the guidelines issued by the BKM (DFFF)

Film project promotion according to the guidelines issued by the BKM (DFFF) are grants that do not have to be repaid and serve to refund the production costs of a theatrical film after clearly defined criteria are fulfilled.

These government grants relate to assets. The granted film project promotions are deducted from the carrying value of the film asset in the balance sheet no later than the date of the theatrical release. These grants are recognized as other receivables before the date of the theatrical release. At the same time, deferred income is recognized under other liabilities.

The grant is recognized as income via a reduced amortization charge of capitalized production costs over the exploitation cycle of the film.

Distribution loans

Grants are distinguished between distribution promotions as contingently repayable loans and sales subsidies as non-repayable grants.

Distribution loans as a contingently repayable loans

A distribution promotion is granted in the form of a contingently repayable interest-free loan in accordance with the requirements of the German film funding legislation and/or the relevant state funding regulations (e.g. rules of the Bavarian Film/Television Fund, FFF Bayern). This is repayable as soon as and to the extent that the income received by the distributor as a result from the exploitation of the film exceeds a certain amount.

This deals with public grants relating to expenses already incurred. The distribution promotions are recognized as a reduction of release costs by the amount that is not repayable with sufficient certainty.

As a rule, the amount that is not repayable with sufficient certainty is determined at the date of the theatrical release. In the event that it is determined at a later date that another portion of the loan has to be paid, such amount is expensed and a liability is recognized in the corresponding amount.

Grants are recognized as income over the periods necessary to match them with the corresponding release costs which they are intended to compensate on a systematic basis.

Sales subsidies

Sales subsidies are non-repayable grants, to which a distributor is entitled for purposes of financing the release costs for a subsequent film depending on the number of box office admissions resulting from theatrical exploitation. This deals with government grants relating to expenses already incurred. The sales subsidies are recognized as a reduction of release costs at the time of the subsequent film's release date.

Grants are recognized as income over the periods necessary to match them with the corresponding release costs which they are intended to compensate on a systematic basis.

5. Notes to Selected Line Items in the Consolidated Balance Sheet

5.1 Film assets

Film assets are shown for the first time in the reporting year, because of the first-time consolidation of Highlight Communications AG.

Information in EUR '000

	Third-party productions	In-house productions	Total film assets
Acquisition and production costs			
Balance at January 1, 2008	0	0	0
Changes in consolidated Group	62,518	132,595	195,113
Foreign currency differences	443	1,748	2,191
Other additions	5,245	40,204	45,449
Disposals	0	1	1
Reclassification	0	0	0
Balance at December 31, 2008	68,206	174,546	242,752
Accumulated amortization and write-downs			
Balance at January 1, 2008	0	0	0
Changes in consolidated Group	0	0	0
Foreign currency differences	364	1,852	2,216
Amortization for the year	12,788	37,586	50,374
Write-downs	603	2,539	3,142
Write-ups	0	0	0
Disposals	0	0	0
Reclassification	0	0	0
Balance at December 31, 2008	13,755	41,977	55,732
Net carrying amounts, December 31, 2008	54,451	132,569	187,020

Write-downs in the amount of TEUR 3,142 were carried out, because the acquisition costs or the net carrying value plus release costs to be incurred for the film did not cover the estimated total revenues.

5.2 Other intangible assets

Information in EUR '000

	Purchased intangible assets	Internally generated intangible assets	Advance payments	Total other intangible assets	Goodwill
Acquisition and production costs					
Balance at January 1, 2008	14,635	0	0	14,635	51,466
Changes in consolidated Group	111,408	0	0	111,408	119,468
Foreign currency differences	5.688	0	0	5,688	5,794
Other additions	1,354	353	992	2,699	4,142
Disposals	6,341	0	0	6,341	1,669
Reclassification	68	0	76	144	0
Balance at December 31, 2008	**126,812**	353	1,068	**128,233**	**179,201**
Accumulated amortization and write-downs					
Balance at January 1, 2008	9,498	0	0	9,498	71
Changes in consolidated Group	-643	0	0	-643	0
Foreign currency differences	317	0	0	317	1,824
Amortization for the year	13,470	21	0	13,491	0
Write-downs	2,606	150	0	2,756	88,288
Write-ups	10	0	0	10	0
Disposals	6,216	0	0	6,216	0
Reclassification	0	0	0	0	0
Balance at December 31, 2008	**19,022**	171	0	**19,193**	**90,183**
Acquisition and production costs					
Balance at January 1, 2007	657,238	0	3,651	660,889	52,500
Changes in consolidated Group	-643,893	0	-3,596	-647,489	-1,850
Foreign currency differences	0	0	0	0	0
Other additions	1,368	0	0	1,368	848
Disposals	133	0	0	133	32
Reclassification	55	0	-55	0	0
Balance at December 31, 2007	**14,635**	0	0	**14,635**	**51,466**
Accumulated amortization and write-downs					
Balance at January 1, 2007	576,518	0	1,353	577,871	0
Changes in consolidated Group	-569,249	0	-1,353	-570,602	0
Foreign currency differences	0	0	0	0	0
Amortization for the year	2,330	0	0	2,330	0
Write-downs	0	0	0	0	71
Write-ups	0	0	0	0	0
Disposals	101	0	0	101	0
Reclassification	0	0	0	0	0
Balance at December 31, 2007	**9,498**	0	0	**9,498**	**71**
Net carrying amounts, Dec 31, 2008	**107,790**	182	1,068	**109,040**	**89,018**
Net carrying amounts, Dec 31, 2007	**5,137**	0	0	**5,137**	**51,395**

"Changes in consolidated Group" relate to the first-time consolidation of Highlight Communications AG and the deconsolidation of EM.TV Sport Management GmbH.

Due to worsened general economic conditions, intangible asset were revalued in the third quarter 2008. The write-downs amount of TEUR 2,756 relates to the Sports Segment.

The indefinite-lived intangible assets include the acquired brand name "Constantin", which was reported with a net carrying value of TEUR 46,000 as of December 31, 2008 (2007: TEUR 0). The asset's useful life has been classified as indefinite, because the asset is an established brand name known on the market for a number of years. The brand name was tested for impairment as of September 30, 2008. An impairment requirement did not arise.

5.3 Goodwill

The consolidated balance sheet as of December 31, 2008 contains goodwill in the amount of TEUR 89,018 (2007: TEUR 51,395). Thereof, an amount of TEUR 51,407 (2007: TEUR 51,395) comprises of various acquisitions of companies classified to the Sports Segment. The amount for the Highlight Communications AG shareholding represents TEUR 37,611.

Due to weakened general macroeconomic conditions and a change in estimates of current and future market development, triggering events arose as of September 30, 2008 which caused a goodwill impairment arising from the acquisition of Highlight Communications AG. Consequently, an impairment test was conducted on goodwill. For purposes of the impairment test, goodwill was allocated among the operations of the Film Segment and the Sports- and Event-Marketing Segment. The operating segments are the lowest level which is internally monitored for goodwill. Findings from the impairment test as of September 30, 2008 revealed that the recoverable amount was below the carrying values of each of the segments. This triggered recognition of an impairment loss on goodwill in the amount of TEUR 88,288.

The recoverable amount was calculated on the basis of the fair value less costs to sell. The discounted cash flow (DCF) method applied a discount rate of 10.3 percent. As of December 31, 2008, the Film Segment was allocated goodwill in the amount of TEUR 1,768 following minority transactions conducted in the fourth quarter 2008. Goodwill in the amount of TEUR 35,843 is allocated to the Sports- and Event-Marketing Segment. Further indications for impairment did not arise as of December 31, 2008.

As part of the discounted cash flow method within the EM.Sport Media Group, the future cash flows are derived from a detailed five-year earnings calculation. A discount rate of between 9.0 and 10.3 percent (2007: 12 percent) has been used to calculate the present value. The discount rate was determined on the basis of a risk mark-up method. The growth rate beyond the detailed planning period has been specified at 0 percent. The business plan has been supplemented by alternative scenarios of possible development of the EM.Sport Media Group and these, too, were used in impairment testing. Even under more conservative scenarios, there was no cause for goodwill impairment. Goodwill of the Sports Segment was also subject to an annual impairment test as of December 31, 2008. Indication of impairment did not arise.

5.4 Tangible assets

Information in EUR '000

	Land, property rights and buildings	Technical equipment and machinery	Other equipment, plant and office equipment	Advance payments and assets under con-struction	Toal tangible assets
Acquisition and production costs					
Balance at January 1, 2008	6,698	31,928	8,651	1,189	**48,466**
Changes in consolidated Group	277	0	2,315	0	**2,592**
Foreign currency differences	20	0	195	0	**215**
Other additions	1,028	3,965	1,647	647	**7,287**
Disposals	0	519	170	20	**709**
Reclassification	352	11	0	-507	**-144**
Balance at December 31, 2008	**8,375**	**35,385**	**12,638**	**1,309**	**57,707**
Accumulated depreciation and write-downs					
Balance at January 1, 2008	3,194	16,183	6,488	0	**25,865**
Changes in consolidated Group	-13	0	-393	0	**-406**
Foreign currency differences	-1	0	10	0	**9**
Depreciation for the year	784	5,129	1,417	0	**7,330**
Write-downs	50	6,442	64	0	**6,556**
Write-ups	0	110	18	0	**128**
Disposals	0	339	126	0	**465**
Reclassification	0	0	0	0	**0**
Balance at December 31, 2008	**4,014**	**27,305**	**7,442**	**0**	**38,761**
Acquisition and production costs					
Balance at January 1, 2007	7,959	27,617	11,143	44	**46,763**
Changes in consolidated Group	0	-59	-3,103	0	**-3,162**
Foreign currency differences	0	0	0	0	**0**
Other additions	947	4,545	1,063	1,145	**7,700**
Disposals	2,208	175	452	0	**2,835**
Balance at December 31, 2007	**6,698**	**31,928**	**8,651**	**1,189**	**48,466**
Accumulated depreciation and write-downs					
Balance at January 1, 2007	4,143	9,084	7,880	0	**21,107**
Changes in consolidated Group	0	0	-2,201	0	**-2,201**
Foreign currency differences	0	0	0	0	**0**
Depreciation for the year	791	5,473	1,056	0	**7,320**
Write-downs	0	1,791	19	0	**1,810**
Write-ups	0	0	0	0	**0**
Disposals	1,740	165	266	0	**2,171**
Balance at December 31, 2007	**3,194**	**16,183**	**6,488**	**0**	**25,865**
Net carrying amounts, Dec 31, 2008	**4,361**	**8,080**	**5,196**	**1,309**	**18,946**
Net carrying amounts, Dec 31, 2007	**3,504**	**15,745**	**2,163**	**1,189**	**22,601**

Changes in consolidated Group relate to the first-time consolidation of Highlight Communications AG and the deconsolidation of EM.TV Sport Management GmbH.

Due to worsened general economic conditions, tangible asset were revalued in the third quarter 2008. The write-downs amount of TEUR 6,556 relates to the Sports Segment

5.5 Investments in associated companies

With respect to BECO Musikverlag GmbH, annual financial statements as of December 31, 2007 have been applied, because financial statements as of December 31, 2008 are not yet available. With respect to Escor Casinos & Entertainment SA, the amounts reported in the annual financial statements as of December 31, 2008 were estimated on the basis of an ad-hoc notification of Escor Casinos & Entertainment SA dated February 27, 2009.

Effects from investments in associated companies in EUR '000

	Sales	Earnings after taxes	Total assets	Total liabilities
Associated companies				
BECO Musikverlag GmbH, Hamburg	19	6	98	28
Escor Casinos & Entertainment SA, Duedingen/Switzerland	2,079	1,008	17,168	1,679

The fair value of the investment in Escor Casinos & Entertainment SA amounted to TEUR 4,359 as of the balance sheet date.
There were no contingent liabilities as of December 31, 2008.

5.6 Interests in joint ventures

Balance sheet in EUR '000

Assets	12/31/2008	12/31/2007	Liabilities	12/31/2008	12/31/2007
Non-current assets	0	0	Non-current liabilities	0	0
Current assets	2,319	0	Current liabilities	1,861	0
Assets from discontinued operations	0	859	Liabilities from discontinued operations	0	290

Profit and loss items in EUR '000

	1/1 to 12/31/2008	1/1 to 12/31/2007
Total output	4,502	0
Cost of materials	-4,078	0
Other operating expenses	-109	0
Tax expense	-139	0
	176	0

There were no contingent liabilities as of December 31, 2008

5.7 Inventories

Information in EUR '000

Gross balance	12/31/2008	12/31/2007
Raw materials and supplies	49	512
Work in progress	912	0
Video cassettes/DVD	2,212	0
Other merchandise	32	45
Fixed values	276	0
Total	**3,481**	**557**
Inventory reserve	**12/31/2008**	**12/31/2007**
Beginning balance	0	0
Changes in consolidated Group	140	0
Foreign currency differences	6	0
Write-downs/scrap	10	0
Total	**156**	**0**
Net balance	**3,325**	**557**

Work in progress relates to scripts for service productions that are in the process of development.

5.8 Financial assets

Other current financial assets

In 2008, other current financial assets comprise of fixed interest-bearing short term securities in the amount of TEUR 22,736 (2007: TEUR 2,505).

Other non-current financial assets

On the basis of an agreement dated September 24, 2007, EM.Sport Media AG acquired a five-percent investment in Premiere Star GmbH. This position also contains the investment in WIGE MEDIA AG as well as investments in non-consolidated subsidiaries (shell companies). In 2008, write-downs were recognized to profit or loss in the amount of TEUR 7,558. The fair value was derived from comparative market transactions.

Non-current receivables

Non-current receivables represent all receivables maturing in more than one year.

Non-current receivables in EUR '000

	12/31/2008	12/31/2007
Non-current receivables	2,863	0
Discounting	-108	0
Total	**2,755**	0

Non-current receivables largely relate to sales taxes payable for which sales cannot yet be realized under IFRS.

5.9 Trade accounts receivable

In respect of receivables not yet due and receivables overdue by 90 days, the net carrying value is approximately equivalent to the fair value. Older receivables and in the case of a more specific reason, a specific allowance for doubtful accounts is recognized to write-down the net carrying value to the fair value.

Write-downs on trade accounts receivable are undertaken based on individual evaluation due to the differing customer structures in the different business segments as well as on current experience values.

Development of trade accounts receivable in EUR '000

	12/31/2008	12/31/2007
Gross balance	64,449	48,440
thereof valuation of foreign currency items	-1,104	-489
Specific provisions	-11,613	-10,544
Total	**52,836**	37,896

The write-downs on trade accounts receivable developed as follows in 2008 and 2007:

Reconciliation of write-downs in EUR '000

	Continuing operations	Discontinued operations	Total
Balance at January 1, 2008	10,544	803	**11,347**
Changes in consolidated Group	5,029	-467	4,562
Foreign currency differences	91	0	91
Additions	5,509	0	5,509
Reversals	-9,560	-336	-9,896
Balance at December 31, 2008	11,613	0	**11,613**
Balance at January 1, 2007	9,399	526	**9,925**
Additions	3,507	1,502	5,009
Reversals	-2,362	-1,225	-3,587
Balance at December 31, 2007	10,544	803	**11,347**

The expense for write-downs includes the addition for bad debts and income from the reversal of the allowance as well as expenses for receivables written-off.

The table below shows an overview of trade accounts receivable overdue:

Maturity overview of trade accounts receivable in EUR '000

			Days overdue				
Continuing operations	Net carrying value	Thereof: neither impaired nor overdue as of the closing date	Less than 90	Between 91 and 180	Between 181 and 270	Between 271 and 365	More than 365
12/31/2008							
Trade accounts receivable	52,836	38,489	12,126	639	131	72	1,379
12/31/2007							
Trade accounts receivable	37,896	24,628	9,022	1,399	114	153	2,580
Discontinued operations							
12/31/2008							
Trade accounts receivable	35	0	35	0	0	0	0
12/31/2007							
Trade accounts receivable	15,025	4,988	5,708	21	63	23	4,222

5.10 Other receivables

Information in EUR '000

	12/31/2008	12/31/2007
Prepaid expenses	**4,278**	3,093
Other taxes	**5,495**	1,307
Advance payments	**398**	1,035
Suppliers with debit balances	**934**	68
Receivables from POC	**15,881**	0
Receivables from promotion funds	**16,890**	0
Other assets	**6,110**	6,598
Total	**49,986**	12,101

The net carrying values of all current financial assets are equivalent to the fair values.

Other taxes include claims for sales taxes.

Prepaid expenses mostly consist of amounts prepaid for insurance premiums and license fees.

5.11 Receivables due from associated companies

The breakdown of receivables due from associated companies is as follows:

Receivables due from associated companies in EUR '000

	12/31/2008	12/31/2007
Planeta Junior s.r.l.	0	30
Tabaluga Coproduktions GbR	0	2,237
Write-downs included in the amount	0	0
Total	**0**	**2,267**
thereof current	0	2,267
thereof non-current	0	0

The net carrying values of receivables due from associated companies are equivalent to the fair values.

The following receivables due from associated companies are overdue as follows:

Maturity overview of receivables due from associated companies in EUR '000

			Days overdue				
	Net carrying value	Thereof: neither impaired nor overdue as of the closing date	Less than 90	Between 91 and 180	Between 181 and 270	Between 271 and 365	More than 365
12/31/2007							
Receivables due from associated companies	2,267	442	0	346	0	190	1,289

5.12 Non-current assets held for sale and discontinued operations

On the basis of EM.Sport Media AG's decision to discontinue the operations of Life On Stage GmbH, the assets and liabilities and its earnings will be shown as discontinued operations in accordance with IFRS 5.13. The same applies to the presentation of the cash flow statement.

Therefore, the assets and liabilities shown under discontinued operations as of December 31, 2008 comprise only of Life On Stage GmbH.

Classification of assets and liabilities from discontinued operations in EUR '000

	12/31/2008	12/31/2007
Non-current assets	5	37,133
thereof for intangible assets	2	25,849
thereof for tangible assets	3	1,161
thereof for investments and financial assets	0	9,391
thereof for non-current receivables	0	72
thereof for deferred tax assets	0	660
Current assets	**456**	22,414
Assets from discontinued operations	**461**	**59,547**
Non-current liabilities	0	31
Current liabilities	**457**	18,590
Liabilities from discontinued operations	**457**	**18,621**

Classification of net result from discontinued operations in EUR '000

	1/1 to 12/31/2008	1/1 to 12/31/2007
Income	10,937	24,872
Income from deconsolidation	621	192
Expenses	-16,251	-77,835
Operating result	**-4,693**	**-52,771**
Financial result incl. equity result	431	1,350
Loss before taxes	**-4,262**	**-51,421**
Income taxes	269	643
Loss after taxes	**-3,993**	**-50,778**
Earnings per share inclusive of security loan		
Earnings per share (basic), in EUR	-0.05	-0.79
Earnings per share (diluted), in EUR	-0.05	-0.79

Earnings from discontinued operations entail the income and expense items of the companies divested with the Entertainment Segment up through the date of deconsolidation. Thereafter, the income and expense items relate only to Life On Stage GmbH. Proceeds from deconsolidation is also allocated to the earnings from discontinued operations.

In accordance with IFRS 5, starting on the date of the disposal resolution depreciation is no longer taken on non-current assets held for sale and discontinued operations while they are classified as such. The earnings from discontinued operations contain an amount of TEUR 833 (2007: TEUR 49,768) for impairment of intangible assets, which was already recognized in the second quarter of 2008.

Moreover, the earnings after taxes from discontinued operations include selling costs in the amount of TEUR 3,006 for the reporting year.

Cash flow for discontinued operations in EUR '000

	1/1 to 12/31/2008	1/1 to 12/31/2007
Cash flow from operating activities	328	2,048
Cash flow for investing activities	-3,517	-5,470
Cash flow from financing activities	0	21
Cash flow for discontinued operations	-3,189	-3,401

5.13 Cash and cash equivalents

This item includes cash on hand and in banks. As of the balance sheet date, an amount of TEUR 3,105 (2007: TEUR 0) was subject to disposition restrictions.

If daily deposits or short term demand deposits are involved, such funds are interest-bearing, which accrued interest between 1 and 5 percent (2007: average interest rate 3.65 percent).

5.14 Deferred tax assets

Deferred tax assets in EUR '000

	12/31/2008	12/31/2007
Tax loss carryforwards	9,895	6,744
Intangible assets/film assets	10,497	3,862
Consolidation differences	31	550
Inventories	8,268	0
Trade accounts receivable	10,582	0
Advance payments received	13,040	0
Other temporary differences	1,311	1,138
Total	53,624	12,294
Offsetting against deferred tax liabilities	-48,706	-3,247
Deferred tax assets, net	4,918	9,047

In all, the Group has unrecognized tax loss carryforwards for corporate income taxes in the amount of TEUR 155,134 (2007: TEUR 186,276) and for trade taxes in the amount of TEUR 20,740 (2007: TEUR 59,994).

Maturity of deferred tax assets in EUR '000

	12/31/2008	12/31/2007
Current deferred tax assets	23	0
Non-current deferred tax assets	4,895	9,047
Total	**4,918**	9,047

Deferred taxes are calculated at the rates which – on the basis of the statutory regulations in force, or already enacted in relation to future periods, as of the closing date – are expected to apply in the individual countries at the time of realization.

5.15 Equity

The development of equity is presented in the changes in consolidated equity statement.

Subscribed capital

The subscribed capital of the Group parent company, EM.Sport Media AG, amounted to EUR 77,938,420 as of December 31, 2008 (2007: EUR 77,933,571) and is divided into 77,938,420 (2007: 77,933,571) bearer ordinary shares with a nominal value of EUR 1.00 per share.

After exercise of the conversion rights on the 5.25% convertible bond 2006/2013, a total of 4,935 shares were issued in 2007 with an allocable nominal amount of EUR 1.00 per share of conditional capital 2005/I. A capital increase of EUR 86 was recorded in the Commercial Register on November 15, 2007. The remaining capital increase of EUR 4,849 was entered in the Commercial Register on March 3, 2008 with the result that the item "Contributions to execute the resolved capital increase" shown separately in the reporting year was transferred to subscribed capital.

Authorized capital 2005/I

Based on a resolution passed at the Annual General Meeting on July 5, 2005, the Management Board was empowered with the approval of the Supervisory Board to increase the subscribed capital by up to EUR 9,000,000 by means of a single or multiple issuance of new bearer shares against a cash contribution or contribution-in-kind by July 4, 2010 and to exclude subscription rights for the shareholders under certain conditions, especially in the event of capital increases against a contribution-in-kind. With the approval of the Supervisory Board, the Management Board resolved on September 26, 2007 to execute a capital increase by means of a contribution-in-kind in the amount of EUR 7,000,000 against the issuance of 7,000,000 ordinary bearer shares. The capital increase was recorded in the Commercial Register on November 15, 2007. In a resolution passed by the Annual General Meeting on July 9, 2008, it was resolved to create new authorized capital 2008/I of EUR 20,000,000 and to cancel the remaining authorized capital 2005/I. In the context of appeals and invalidity lawsuits, which have been dismissed in first instances, the resolutions are not yet valid. Therefore, the Company's Management and Supervisory Boards have resolved, as precautionary measures, to not yet record the resolution for authorized capital with the Commercial Register. In addition, it was decided to put up to vote at an extraordinary General Meeting on January 28, 2009 the removal of the resolutions for authorized capital from the Annual General Meeting of July 9, 2008 and to completely re-specify the matters on the basis of date of the extraordinary General Meeting of January 28, 2009.

Consequently, authorized capital amounted to EUR 2,000,000 as of December 31, 2008.

Conditional Capital

Conditional Capital 2004/II

According to a resolution passed at the Annual General Meeting on March 19, 2004, the Company's subscribed capital was conditionally increased by up to EUR 181,096 by the issuance of up to 181,096 bearer shares. The conditional capital increase was designed to discharge conversion rights in connection with the 2% convertible loan 1997/2007.

All convertible loans were repaid as of December 31, 2007 and since conversion can no longer arise, the Annual General Meeting of July 9, 2008 resolved to remove the remaining conditional capital 2004/II. In the context of appeals and invalidity lawsuits, which have been dismissed in first instances, the resolution is not yet valid.

Conditional Capital 2004/III

According to the resolution passed at the Annual General Meeting on March 19, 2004, the Company's subscribed capital was conditionally increased by up to EUR 1,488,012 by the issuance of up to 1,488,012 bearer shares. The conditional capital increase was designed to discharge option rights for stock options, which were issued on the basis of the Annual General Meeting's resolutions of the former EM.TV & Merchandising AG from July 22, 1999 and July 26, 2000, respectively (1999 and 2000 Stock Option Programs).

As of December 31, 2008, entitled holders had a total of 1,100,000 option rights, which entitle them to purchase a total of 150,685 ordinary bearer shares in EM.Sport Media AG with an allocable amount of EUR 1.00 per share of subscribed capital.

Conditional Capital 2005/I

Based on a resolution passed at the Annual General Meeting on July 5, 2005, the Company's subscribed capital was conditionally increased by up to EUR 15,000,000 by the issuance of up to 15,000,000 bearer shares. On the basis of this authorization, a 5.25% convertible bond 2006/2013 was issued on May 8, 2006 via the wholly-owned subsidiary, EM.TV Finance B.V., Rijswijk/Netherlands. The convertible bond securitizes, inter alia, a conversion right to a total of 15,000,000 bearer shares in EM.Sport Media AG with an allocable amount of the subscribed capital equivalent to EUR 1.00 per share. The issuance proceeds were made available to EM.Sport Media AG by EM.TV Finance B.V. by means of a long term loan. EM.Sport Media AG acts as a guarantor for the convertible bond. In the event of a conversion, the repayment claim in connection with the loan lapses in the amount of the bonds converted into shares.

After the capital increase from conversions in 2007 had been recorded completely in the Commercial Register in 2008, the conditional capital 2005/I amounted to EUR 14,968,183 in accordance with the Commercial Register extract as of December 31, 2008. Conversions did not take place in 2008.

Treasury stock

As part of the merger of EM.TV & Merchandising AG to the former EM.TV AG, now EM.Sport Media AG in 2004, the shareholders of EM.TV & Merchandising AG were granted certificates to purchase a total of 15,607,652 from own shares held by the Company with an allocable amount of the subscribed capital equivalent to EUR 1.00 per share.

In addition, a total of 1,735,500 bearer shares remained with the Company as part of the restructuring of the 4% convertible bond 2000/2005, such that after conclusion of the restructuring, the Company had available a total of 17,343,152 treasury shares with an allocable amount of the subscribed capital equivalent to EUR 1.00 per share (total: EUR 17,343,152). A special reserve for treasury shares was recognized at that time in accordance with IAS 32.33.

For purposes of meeting the statutory requirements under § 71 c (2) AktG (Stock Companies Act), the treasury stock balance was lowered below the threshold of 10 percent on March 21, 2007 as part of a long term, atypical securities lending. A corresponding notice was published on March 23, 2007. In July 2008, the long term atypical securities lending was cancelled in full. As of December 31, 2008, the treasury stock balance was below the 10 percent threshold.

The separate presentation of treasury stock in the amount of TEUR 5,956 as of December 31, 2008 (2007: TEUR 8,088) included not only own shares held, but also shares held by a third party as part of the long term, atypical securities lending. The transfer relating to the securities lending is not treated as a disposal of assets although the ownership of the shares together with voting rights and dividend claims were transferred to a third party for the term of the securities lending. In July 2008, the long term atypical securities lending was cancelled in full and the shares were passed from the bank and are once again in the possession of EM.Sport Media AG. As of December 31, 2008, the position also includes shares of EM.Sport Media AG that are directly or indirectly held by Highlight Communications AG. The Company does not have any rights whatsoever in connection with the treasury stock.

The change over the previous year relates to the issuance of 51,974 shares for the exercise of certificates and the use of a total of 8,089,283 bearer shares as part of increasing the shareholding in Highlight Communications AG, Pratteln/Switzerland. Moreover, 55,000 shares were acquired from the stock exchange and 5,953,982 shares are directly or indirectly held by Highlight Communications AG.

Stock Option Programs

According to a resolution passed at the Annual General Meeting on March 19, 2004, the Company granted the entitled holders under the 1999 and 2000 Stock Option Programs of the former EM.TV & Merchandising AG the right to purchase 10/73 ordinary shares in EM.Sport Media AG at a base price for each option right instead of the right to purchase one bearer share of EM.Sport Media AG at the base price for each option right. The shares to be granted will be issued from the deemed conditional capital 2004/III.

The 1999 Stock Option Program prescribes that 50 percent of the stock option rights may be exercised at the earliest after a waiting period of two years (Tranche 1) and the other 50 percent at the earliest after four years (Tranche 2) after issuance, to the extent that pre-tax DVFA earnings of the Company have increased by an average of at least 15 percent p.a. in the financial years since issuance and before exercise of the stock options. The base price is calculated on the basis of the average of the last ten XETRA closing rates for the EM.Sport Media AG stock prior to the issuance plus 5 percent p.a. for the period from issuance to the relevant date of exercise. The stock options have a term of ten years.

The 2000 Stock Option Program prescribes that 50 percent of the stock option rights may be exercised at the earliest after a waiting period of two years (Tranche 1) and the other 50 percent at the earliest after four years (Tranche 2).

The base price is calculated from the average of the opening and closing rate of the EM.Sport Media AG stock on the Frankfurt Stock Exchange on the date of the issuance resolution (reference price), but at least the allocable amount of the subscribed capital for one share plus a 10 percent mark-up for Tranche 1 and a 20 percent mark-up for Tranche 2. The stock option rights have a term of ten years.

As of December 31, 2008, a total of 1,100,000 stock option rights were outstanding (2007: 1,736,500), which were entitled for the purchase of a total of 150,685 bearer shares (2007: 237,877) of EM.Sport Media AG with an allocable amount of subscribed capital equivalent to EUR 1.00 per share. Thereof, 302,000 stock option rights and 41,370 shares relate to the 1999 Stock Option Program and 798,000 stock option rights and 109,315 shares to the 2000 Stock Option Program. The decline over the prior year is solely due to the resignation of employees and members of the Management Board whose stock option rights are therewith forfeited.

Options not accounted for in accordance with IFRS 2

	Reference price after merger in EUR	Number of entitled options	Number of shares	Outstanding at the beginning of the period	Convertible in the future
Date of issue					
November 15, 1999	357.55	348,000	47,671	347,000	302,000
August 3, 2000	381.43	2,500	342	0	2,000
March 1, 2001	47.45	184,500	25,273	238,500	233,500
January 31, 2002	16.64	1.043,000	142,876	822,500	512,500
June 7, 2002	9.42	119,000	16,301	106,500	0
December 20, 2002	6.64	58,000	7,945	42,250	22,250

Options accounted for in accordance with IFRS 2

	Reference price after merger in EUR	Number of entitled options	Number of shares	Outstanding at the beginning of the period	Convertible in the future
Date of issue					
December 20, 2002	6.64	56,000	7,945	42,250	22,250
July 30, 2003	11.68	137,500	18,835	117,500	5,000
September 19, 2003	11.02	27,000	3,698	20,000	0

The valuation of option rights on the date of issue pursuant to IFRS 2 is based on the Black-Scholes option price model. Expected volatility is based on the historic closing rates during the last 250 trading days (which corresponds to one calendar year) before the date of issue. No dividends were assumed for the period from 2002 to 2008, because dividend payments are not anticipated on the issue date. The basis for the risk-free interest rate is established by means of so-called "stripped" government bonds, because after separation of relevant interest claims from the capital amount, an interest rate arises for a "synthetic zero-coupon bond" with no reinvestment risk for distributed interest.

Outstanding options

	Number of options	Weighted average exercise price
2008		
Outstanding, January 1	1,736,500	90,11
Forfeited	636,500	40,02
Outstanding, December 31	**1,100,000**	**120,03**
2007		
Outstanding, January 1	1,874,500	84,13
Forfeited	138,000	8,95
Outstanding, December 31	**1,736,500**	**90,11**

The estimations are reviewed at every balance sheet date. The effects from changes to original estimations are recognized in the profit and loss and in other reserves over the remaining term. The personnel expenses did not contain any amounts from the accounting of stock options to employees and Board Members as of the balance sheet date (2007: TEUR 7).

Payments received from exercising the option rights are written-back to subscribed capital (nominal value) and capital reserves. No option rights were exercised in the reporting year.

In 2003 Constantin Film AG passed a resolution for a stock option program, which expired on July 31, 2008. No options had been granted as of the expiration date of the stock option program.

Parameters for calculating the fair value of options

		December 20, 2002	June 30, 2003		September 19, 2003	
		2nd tranche	1st tranche	2nd tranche	1st tranche	2nd tranche
Basic information						
Originally issued options	Number	66,500	78,250	78,250	19,000	19,000
Waiting period	Years	4	2	4	2	4
Expiry date		12/20/2012	06/30/2013	06/30/2013	09/19/2013	09/19/2013
Market price	EUR	0.91	1.60	1.60	1.51	1.51
Exercise price at the grant date*	EUR	1.09	1.76	1.92	1.66	1.81
Average option life	Years	7	3	7	3	7
Risk-free interest	Percent	3.084	2.479	3.523	3.021	3.955
Expected volatility	Percent	67.29	68.89	68.89	65,43	65.43
Estimated fluctuation	Percent	30	30	30	30	30
Expected dividend yield	Percent	0	0	0	0	0
* Exercise price after merger	EUR	7.96	12.84	14.01	12.12	13.22

Capital reserves

The Group's capital reserves totaled TEUR 158,020 as of December 31, 2008 (2007: TEUR 147,772).

The increase in the shareholding in Highlight Communications AG, Pratteln/Switzerland, from about 26.3 percent to 47.3 percent led to an increase in capital reserves to a total of TEUR 13,410 after the deduction of costs incurred for the capital increase and corresponding deferred taxes.

After exercising the subscription and acquisition rights in connection with certificates, a total of 51,974 (2007: 240,723) bearer shares were issued from treasury stock in the reporting period in exchange for the relevant subscription price. This gave rise to an increase in capital reserves of TEUR 130 (2007: TEUR 603). In addition, the capital reserves balance decreased by TEUR 3,292 (2007: TEUR 0) from the acquisition of treasury stock.

Changes in the capital reserves and in other reserves arose in the fourth quarter 2008 from transactions with minorities.

Other reserves

Other reserves amounted to TEUR 9,737 as of the balance sheet date (2007: TEUR -686) and comprise reserves for the employee option program of TEUR 175 (2007: TEUR 175), reserves for exchange rate translation of TEUR 3,882 (2007: TEUR -268) and a revaluation reserve of TEUR 0 (2007: TEUR 439). In connection with the disposal of 1 percent in Sport1 GmbH, the buyer was granted a put option in 2007. The prolongation obligation presents an unavoidable payment obligation that justifies a financial liability in the amount of the expected exercise amount. The fair value of the liability at the date of initial recognition is TEUR 150. A liability in this amount was recognized directly to other reserves without an impact to profit or loss. Based on subsequent measurement as of the balance sheet date, the liability amount decreased to TEUR 190 with an impact on profit or loss. The buyer's option to acquire a further 9 percent interest in Sport1 GmbH expired in September 2008.

In the fourth quarter 2008, an investment, which had been recognized directly to equity, was removed from equity as a result of objective indication of impairment and was recognized to profit or loss.

In conformity with IFRS 2, expenses incurred for the employee option program (refer to the section on stock options) are simultaneously transferred to the reserves.

Disclosures regarding capital management

In the disposition of capital (capital risk) the EM.Sport Media Group pays particular attention that continuation of operating activities of the Group is assured and an appropriate annual return is generated. For this purpose, the parent company employs capital by acquiring investments and by funding their operations as well as own operations. Moreover, the EM.Sport Media Group can decide on a dividend payout, to pay capital back to shareholders, to issue new shares or to dispose of assets with the aim of reducing debt.

Apart from equity, additional debt capital is obtained for Group financing. A profitability calculation is generally prepared for every major investment.

For purposes of controlling and classifying profitability generated in the Group, capital ratios are calculated several times a year; this includes the capital return ratio and the total return on capital. These ratios are benchmarked with those of other companies. In connection with the overall monitoring of the Group, other relative and absolute ratios are also calculated.

EM.Sport Media AG manages all equity balance sheet positions as equity; whereby treasury shares are deducted therefrom. Consequently, managed equity totaled EUR 142.4 million (2007: EUR 185.2 million).

5.16 Provisions and liabilities

Maturity overview of provisions and liabilities in EUR '000

2008	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-current liabilities				
Provisions	0	565	0	565
Pension provisions	0	3,550	221	3,771
Financial liabilities	0	81,934	0	81,934
Other liabilities	0	50	0	50
Deferred tax liabilities	0	37,019	0	37,019
Total	0	123,118	221	123,339
Current liabilities				
Financial liabilities	241,209	0	0	241,209
Advance payments received	53,304	0	0	53,304
Trade accounts payable	61,492	0	0	61,492
Other liabilities	78,733	0	0	78,733
Provisions	15,394	0	0	15,394
Tax provisions	3,327	0	0	3,327
Total	453,459	0	0	453,459
2007				
Non-current liabilities				
Provisions	0	1,091	0	1,091
Pension provisions	0	0	195	195
Financial liabilities	0	107,884	0	107,884
Deferred tax liabilities	5,038	1,186	0	6,224
Total	5,038	110,161	195	115,394
Current liabilities				
Financial liabilities	948	0	0	948
Advance payments received	210	0	0	210
Trade accounts payable	34,874	0	0	34,874
Payables due to joint ventures	92	0	0	92
Other liabilities	18,156	0	0	18,156
Provisions	2,009	0	0	2,009
Tax provisions	1,393	0	0	1,393
Total	57,682	0	0	57,682

5.17 Trade accounts payable and other liabilities

Liabilities reported in the amount of TEUR 140,225 (2007: TEUR 53,030) comprise of trade accounts payable of TEUR 61,492 (2007: TEUR 34,874) and other liabilities of TEUR 78,733 (2007: TEUR 18,156).

Trade accounts payable

Trade accounts payable are not further securitized apart from customary retention of title and largely relate to license payments or services.
In all, trade accounts payable are not subject to interest and are generally of a current nature, which is why the carrying value is equivalent to the fair value.

Other liabilities

UEFA holds 20 percent in the capital of Team Holding AG. UEFA has undertaken to sell the shares to Highlight Communications AG at the same price (TCHF 50) upon the termination of the agreement or UEFA Champions League agency contract. Initially, UEFA will only take a share in the profit arising from new business. Starting with the 2009/2010 season, UEFA will fully participate in profits in proportion to its capital share. The accounting treatment of this agreement shall reflect the economic substance required under IFRS. Since UEFA will not have full profit allocation rights until the 2009/2010 season and does not have unrestricted rights to its 20 percent share in Team Holding AG, the agreement is not treated as profit participation for accounting purposes. Instead, the annual share in earnings attributable to UEFA is recognized as an expense in the consolidated financial statements. The stock repurchase obligation is recognized as a non-current other liability.

The shares in Team Holding AG are encumbered by a call option in favor of UEFA. This call option may be exercised if a person or group acquires Highlight shares accounting for more than 50 percent of the voting rights. The option price consists of the inherent value per option exercised plus projected earnings until the agency agreement with the UEFA expires relating to the marketing of the UEFA Champions League.

Other current liabilities in EUR '000

	12/31/2008	12/31/2007
Liabilities for conditional loan repayment	10,961	0
Personnel-related liabilities	5,282	5,935
Current interest payable	2,777	2,989
Sales tax payable	2,994	2,226
Other taxes and social security	1,299	1,574
Deferred income	38,762	1,520
Customers with credit balances	599	1,194
Commissions and licenses	1,105	177
Current other loans	4,004	1
Liabilities from POC	75	0
Other current liabilities	10,875	2,540
Total	**78,733**	18,156

The personnel-related liabilities mainly relate to obligations for bonus, overtime and vacation not taken.

Other current liabilities include TEUR 55 (2007: TEUR 0) for related parties. This comprises of Supervisory Board remuneration of Constantin Film AG in the amount of TEUR 30 for the Management Board Chairman, Mr Bernhard Burgener, and the Supervisory Board member, Mr Martin Wagner. There also exists a liability to Mr Werner E. Klatten for consultancy fees in the amount of TEUR 25.

5.18 Financial liabilities

Non-current financial liabilities

Non-current financial liabilities amounted to TEUR 81,934 as of the balance sheet date (2007: TEUR 107,884) and comprise of long term obligations for film funding, the convertible bond 2006/2013 and other non-current financial liabilities.
Non-current financial liabilities for film funding amounted to TEUR 4,812 as of the balance sheet date (2007: TEUR 0). Other non-current financial liabilities totaled TEUR 1,232 (2007: TEUR 1,800).

5.25% convertible bond 2006/2013

According to a resolution passed by the Annual General Meeting on July 5, 2005, EM.TV Finance B.V., Rijswijk/Netherlands (a wholly-owned subsidiary of EM.Sport Media AG), issued a 5.25% convertible bond 2006/2013 with a total nominal value of TEUR 87,750 on May 8, 2006. The convertible bond guarantees a conversion right on a total of 15,000,000 bearer shares of EM.Sport Media AG with an allocable amount of the subscribed capital equivalent to EUR 1.00 per share. The issuance price, which is equivalent to the face amount, and the initial conversion price amount to EUR 5.85 for each convertible bond. The interest rate is 5.25 percent p.a.

The issuance proceeds from the convertible bond were used by EM.TV Finance B.V. to make a long term loan available to EM.Sport Media AG. EM.Sport Media AG issued a guarantee to the bond creditors for both the relevant interest payments and for the ultimate repayment. In the case of conversion, the repayment claim in connection with the loan expires in the amount of the bonds converted into shares of EM.Sport Media AG.

For accounting purposes, the convertible bond was divided into an equity component and a liability component. The liability component compounds interest over the term of the bond up to the repayment date (effective interest rate of 8.4 percent). The convertible bond matures on May 7, 2013, whereby both the issuer and creditor may, under certain circumstances and at specific dates, demand repayment at an earlier date. In the third quarter 2008, the convertible bond was revalued with respect to the probable repayment date, because EM.Sport Media AG's stock price was considerably below the conversion price of EUR 5.85 per share. Therefore, it was more than likely that the bond creditors will demand their claim as prescribed in the bond stipulations for repayment of the bond by April 28, 2011. The financial expenses include EUR 4.0 million from the revaluation of the convertible bond 2006/2013 due to the change in estimate of the repayment date.

In 2008, no convertible rights were exercised on convertible bonds of EM.TV Finance B.V. that were issued for bearer shares of EM.Sport Media AG with an allocable share in the capital stock of EUR 1.00

per share, with the result that 14,965,483 (2007: 14,965,483) convertible bonds were still outstanding as of the balance sheet date which entitle the purchase of an equal number of shares in EM.Sport Media AG. In the fourth quarter 2008, the Company bought back a total of 1,100,000 convertible bonds, still leaving 13,865,483 in circulation as of December 31, 2008. As a result of the repurchase of the convertible bonds, proceeds were realized in the amount of TEUR 2,605, which were reported under financial income.

5.25% convertible bond 2006/2013 in EUR '000

	12/31/2008	12/31/2007
Equity component	8,671	8,671
Liability component	75,890	76,071
Total	**84,561**	84,742

The net carrying value of the outstanding convertible bonds amounted to TEUR 75,890 as of December 31, 2008 (2007: TEUR 76,071). Based on the closing rate of EUR 3.65 for each convertible bond, the fair value amounts to TEUR 50,609 as of December 31, 2008.

The following collateral was granted to the creditors of the convertible bond:

> EM.TV Finance B.V. assigned all claims in connection with the loan to EM.Sport Media AG in the amount of TEUR 87,548. Upon assignment, a portion of the loan is allotted for each convertible bond. With respect to each convertible bond, assignment occurs with the repayment of the convertible bond without the exercise of conversion rights.

> EM.Sport Media AG guaranteed to the creditors the proper and timely payment of all amounts due.

Other purchase price financing

In December 2005, PLAZAMEDIA GmbH TV- und Film-Produktion purchased a 100 percent interest in the shares of Creation Club (CC) GmbH and financed a portion of the purchase price with a long-term promissory note in the amount of TEUR 4,000 for a term of five years maturing on March 15, 2011. The note bears interest at 8 percent p.a. and is payable in four equal installments of TEUR 200 each year. The promissory note was reported in the amount of TEUR 1,800 as of December 31, 2008 (2007: TEUR 2,600). Of the residual amount, TEUR 1,000 is reported under non-current financial liabilities and TEUR 800 under current financial liabilities. For purposes of collateral, EM.Sport Media AG made available an open-guaranty of payment in the amount of the promissory note.

Current financial liabilities

Current liabilities due to banks in the amount of TEUR 241,209 (2007: TEUR 948) existed as of the balance sheet date. The Group has the following open, short term credit lines available:

The Highlight group has available short term credit lines of about TEUR 111,542 as of the balance sheet date. Thereof, credit lines of the Constantin group (production financing and license trading facilities) are secured by film rights of TEUR 166,327 carried as film assets and the exploitation proceeds arising therefrom as well as by receivables in the amount of TEUR 19,830. The credit facilities of Highlight Communications AG in the amount of TEUR 75,900 are secured by shares in Constantin Film AG, EM.Sport Media shares held by Highlight Communications AG and treasury stock.

As of December 31, 2008, EM.Sport Media AG had available a syndicated credit facility agreement of TEUR 40,000, which was withdrawn in full as of December 31, 2008. In general, this credit facility was granted by the syndicated banks up to November 6, 2012; whereby the credit facility would be reduced annually by TEUR 10,000. At the present time, EM.Sport Media AG is funded on a short term basis exclusively through this syndicated facility. As collateral for the facility, EM.Sport Media AG pledged a securities deposit of 17,762,780 Highlight shares.

Moreover, EM.Sport Media AG had other short term bank credit lines available in the amount of about TEUR 15,000 as of December 31, 2008. This includes TEUR 5,000 exclusively for guarantees, of which TEUR 3,422 had been used only for guarantees as of the balance sheet date.

5.19 Pension provisions

The amounts of the pension obligations and corresponding expenses have been determined by independent actuaries. The calculation of the pension provisions is based on the projected-unit-credit method.

Actuarial gains and losses are recognized according to the corridor method. The provisions correspond to the difference between the present value of the defined benefit obligation (DBO) and similar post-employment benefits, the fair value of plan assets and unrealized actuarial gains and losses.

The pension provisions developed as follows in 2008:

Pension provisions in EUR '000

	12/31/2008	12/31/2007
Present value of defined benefit obligation	18,631	195
Fair value of plan assets	-14,036	0
Funded status	4,595	195
Unrecognized actuarial losses/(gains)	-824	0
Recognized liability	**3,771**	**195**

The pension obligation developed as follows:

Development of defined benefit obligation in EUR '000

	2008	2007
Present value of defined benefit obligation as of January 1	**195**	**243**
Changes in consolidated Group	15,426	0
Current service cost	744	20
Past service cost	0	-4
Interest cost	229	11
Curtailment, settlement	130	0
Benefits paid	-112	0
Currency translation effects	1,551	0
Actuarial losses/(gains)	468	-75
Present value of defined benefit obligation as of December 31	**18,631**	**195**

Plan assets developed as follows:

Development of plan assets in EUR '000

	2008	2007
Fair value of plan assets as of January 1	**0**	0
Changes in consolidated Group	12,294	0
Expected return on plan assets	180	0
Employee contributions	307	0
Employer contributions	496	0
Benefits paid	-112	0
Currency translation effects	1,208	0
Actuarial (losses)/gains	-337	0
Fair value of plan assets as of December 31	**14,036**	0

Plan assets are allocated to the individual investment categories as follows:

Allocation of plan assets in %

	2008	2007
Liquid funds	5.00	0
Debt instruments	15.40	0
Equity instruments	11.90	0
Property	7.40	0
Other assets	60.30	0
Total	**100.00**	0

The "others" position mostly comprises of redemption values from foundations, for which assets cannot be broken down. Actual return on plan assets amounted to TEUR -157 in the reporting year (2007: TEUR 0).

Total pension costs in EUR '000

	1/1 to 12/31/2008	1/1 to 12/31/2007
Current service cost	744	20
Interest cost	229	11
Expected return on plan assets	-180	0
Recognized actuarial losses/(gains)	42	-75
Past service cost	0	-4
Effect from any curtailments/settlements	130	0
Employee contributions	-307	0
Total	**658**	-48

The current service cost and actuarial losses and gains as well as the past service cost are shown in the profit and loss account under personnel expenses or income. The interest cost and expected return on plan assets are also shown under personnel expenses or income.

The defined benefit plans are actuarially measured on the basis of the following parameters:

Pension parameters in %

	2008	2007	2008	2007
	Domestic plans	Domestic plans	Foreign plans	Foreign plans
Discount rate	5,75	5,71	3,25	–
Expected return on plan assets	–	–	3,50	–
Pension trend	2,00	1,75	0,50	–
Salary trend	2,00	2,00	1,50	–
Fluctuation trend	8,30	8,30	–	–
Projected average life after retirement, men (in years)	–	–	17,90	–
Projected average life after retirement, women (in years)	–	–	21,85	–

The 2005 G Mortality Tables of Dr Heubeck have been applied as a biometric accounting basis. With respect to pension plans of subsidiaries in Switzerland, actuarial assumptions are based on the BVG 2005 tables.

Experience adjustments are presented as follows:

Experience-based adjustments at December 31 in EUR '000

	2008	2007	2006
Present value of defined benefit obligation	18,631	195	242
Fair value of plan assets	14,036	0	0
Funded status	4,595	195	242
Experienced-based adjustments for plan liabilities	587	0	0
Experienced-based adjustments for plan assets	1,693	0	0
Total	6,875	195	242

5.20 Provisions

The provision for licenses and returns has been recognized for unbilled licenses attributable to licensors and risks from any merchandise returns for videos and DVDs sold. The provision for return of goods is based on an analysis of the contractual or statutory obligations as well as historical trends and the Group's own experience.

The provision for litigation costs has been recognized to take account of various pending or anticipated litigation proceedings. Litigation provisions also include the provisions of Constantin Entertainment GmbH for pending legal disputes that relate to possible format right violations by the company in show and entertainment productions.

Other provisions include TEUR 278 (2007: TEUR 1,091) for long term obligations incurred for vacant office premises. The rents are subject to an escalation clause. The underlying rental agreement expires on March 31, 2010. The calculation of the provision for onerous contracts is based on the obligation surplus arising from the existing rents less estimated future rental income from sub-leasing. Uncertainties surround the amount and maturity of the estimated rental income. Use of the remaining amounts is expected to occur in the following year.

The personnel provisions include TEUR 287 (2007: TEUR 0) for long term obligations for long-time service awards.

Changes in consolidated Group relate to the first-time consolidation of Highlight Communications AG and the deconsolidation of EM.TV Sport Management GmbH.

Other provisions in EUR '000

	Licenses and returns	Litigation costs	Personnel provisions	Other provisions	Total
Balance 1/1/2008	269	850	321	1,660	3,100
Changes in consolidated Group	9,075	2,687	0	919	12,681
Foreign currency differences	744	20	-7	58	815
Use	0	0	389	384	773
Reversal	4,381	1,236	45	338	6,000
Reclassification	157	420	359	308	1,244
Addition	1,914	1,454	1,335	189	4,892
Balance 12/31/2008	7,778	4,195	1,574	2,412	15,959

5.21 Tax provisions

Tax provisions in EUR '000

	Total domestic taxes	thereof trade tax	thereof corporate income tax	Foreign taxes	Total
Balance 1/1/2008	1,393	284	1,109	0	1,393
Changes in consolidated Group	1,387	0	1,387	1,167	2,554
Foreign currency differences	172	0	172	24	196
Use	960	53	907	1,407	2,367
Reversal	291	249	42	0	291
Reclassification	6	252	-246	3	9
Addition	1,226	0	1,226	607	1,833
Balance 12/31/2008	2,933	234	2,699	394	3,327

Changes in consolidated Group relate to the first-time consolidation of Highlight Communications AG and the deconsolidation of EM.TV Sport Management GmbH.

5.22 Deferred tax liabilities

Deferred tax liabilities in EUR '000

	12/31/2008	12/31/2007
Intangible assets/film assets	72,788	2,932
Trade accounts receivable	4,490	0
Advance payments received	2,916	0
Convertible bonds	2,173	2,927
Provisions	1,016	1,235
In-house production films	0	803
Other temporary differences	2,342	1,574
Total	85,725	9,471
Offsetting against deferred tax assets	-48,706	-3,247
Deferred tax liabilities, net	37,019	6,224

The table below presents a breakdown by current and non-current components:

Maturity of deferred tax liabilities in EUR '000

	12/31/2008	12/31/2007
Current deferred tax liabiities	0	5,038
Non-current deferred tax liabilities	37,019	1,186
Total	37,019	6,224

6. Notes to the Consolidated Profit and Loss Account

6.1 Sales

The classification of sales is presented in the segment reporting section 9 of these Notes.

6.2 Change in inventories of work in progress and own work capitalized

The change in inventories of work in progress amounted to TEUR 8 (2007: TEUR -35). Own work capitalized in the amount of TEUR 403 (2007: TEUR 64) comprises of internally generated intangible assets

6.3 Other operating income

Information in EUR '000

	1/1 to 12/31/2008	1/1 to 12/31/2007
Income from the reversal of provisions	6,000	3,636
Derecognition of liabilities	4,975	217
Income related to other periods	2,908	2,422
Income from deconsolidation	2,728	118
Gains from foreign currency translation	1,900	853
Recharges	1,088	1,431
Income from rents and leases	473	400
Income from the disposal of non-current assets	19	157
Negative difference amount from acquisition of minority interests	0	236
Miscellaneous other operating income	5,206	8,362
Total	25,297	17,832

Income from the reversal of provisions predominantly relates to the reversal of the provision for invoicing obligations past the statute of limitations and to the reversal of provisions for pending legal disputes.

Income from derecognition of liabilities is mostly attributable to the reversal of accrued liabilities which were not incurred in the full amount as anticipated.

Income related to other periods results from subsequent changes in agreements concluded in prior years or from the omission of obligations accounted for in previous years.

Income from deconsolidation relates to proceeds incurred from the deconsolidation of EM.TV Sport Management GmbH.

Income from rents and leases arise from the sub-leasing of office premises.

Miscellaneous other operating income consists of a large number of items that cannot be allocated to the items shown separately; namely, for insurance compensation payments, marketing compensation payments, severance benefits, suppliers' reimbursements and other refunds, inter alia.

6.4 Cost of materials and licenses

Costs for licenses, commissions and materials amounting to TEUR 55,112 (2007: TEUR 9,732) are attributable to payments for licenses and commissions totaling TEUR 27,160 (2007: TEUR 9,732) and for other cost of materials in the amount of TEUR 27,932 TEUR (2007: TEUR 0). Moreover, expenses are included for royalty payments in the Film Segment in the amount of TEUR 20 (2007: TEUR 0).

The costs for purchased services in the amount of TEUR 132,748 (2007: TEUR 114,601) comprise production costs of TEUR 126,436 (2007: TEUR 90,622) and service costs of TEUR 6,312 (2007: TEUR 23,979). Since 2008, this position also includes production costs for film service productions.

6.5 Amortization, depreciation and impairment

Amortization, depreciation and impairment of TEUR 171,937 (2007: TEUR 11,531) encompass amortization and impairment of film assets in the amount of TEUR 53,516 (2007: TEUR 0), amortization, depreciation and impairment of intangible and tangible assets of TEUR 30,133 (2007: TEUR 11,460) and goodwill impairment of TEUR 88,288 (2007: TEUR 71). The goodwill impairment relates to goodwill incurred from the acquisition of Highlight Communications AG.

The amortization of film assets (both third-party and in-house productions) is conducted according to the "individual film forecast method". According to this method, a film title is amortized in the period on the basis of a quotient of "revenues generated from the film in the period divided by estimated remaining total revenues generated by the film multiplied by the residual carrying value of the film".

The impairment of film assets of TEUR 3,142 (2007: TEUR 0) relates to films which have not yet been exploited as of the balance sheet date and for which an impairment test indicated the need for an appropriate write-down on the basis of expected future net earnings. Impairment arose from adjustments to the residual carrying value on the basis of current sales estimates as well as a risk provision for films that are not being exploited yet.

6.6 Other operating expenses

Information in EUR '000

	1/1 to 12/31/2008	1/1 to 12/31/2007
Expenses for additions to bad debts allowance and receivable write-offs	13,274	4,094
Rental, repair and maintenance costs	12,644	11,234
Advertising and travelling costs	10,585	10,227
Legal, consultancy and year-end costs	7,955	6,599
Administration costs	5,870	2,434
Other personnel-related costs	3,201	2,007
IT costs	1,942	2,444
Losses from foreign currency translation	1,399	488
Insurance, dues and fees	897	1,048
Vehicle costs	714	418
Expenses for other accounting periods	304	681
Bank fees	72	145
Costs for sales	66	141
Other expenses	16,430	914
Total	**75,353**	42,874

The rental, repair and maintenance costs are attributable to costs for the present office building as well as for costs incurred for the sub-leased former office building of EM.Sport Media AG as well as for costs in connection with the provision for onerous contracts associated with this office building.

The legal, consultancy and year-end costs include auditing costs of the consolidated financial statements and individual financial statements, tax consultancy fees and costs for legal consultation in the area of M&A projects and on-going proceedings.

Other expenses consist of a large number of items that cannot be allocated to the items shown separately.

6.7 Earnings from investments in associated companies

Information in EUR '000

	1/1 to 12/31/2008	1/1 to 12/31/2007
Highlight Communications AG*	9	396
Escor Casinos & Entertainment SA	-480	0
PolyScreen Produktionsgesellschaft für Film und Fernsehen mbh	88	0
BECO Musikverlag GmbH	3	0
Total	**-380**	**396**

*Share until July 31, 2008

The earnings from the investment in Escor Casinos & Entertainment SA contain an impairment amount of TEUR 669. The impairment arose from circumstances causing the investment's stock value to fall below the carrying value of the investment as of December 31, 2008.

6.8 Financial income

Financial income of TEUR 6,193 (2007: TEUR 3,037) comprises of TEUR 2,284 (2007: TEUR 3,028) for other interest and similar income, TEUR 2,960 (2007: TEUR 0) for gains from changes in the fair value of financial instruments and TEUR 949 (2007: TEUR 0) for gains on foreign currency translation.

Gains from changes in the fair value of financial instruments include income of TEUR 232 from Euro-based forward contracts (2007: TEUR 0). The contracts relate to three contracts for the sale of Euros with a nominal value of EUR 6.0 million at a forward maturity of between one and three months. The fair value of the forward contracts amounts to TEUR 232. No premiums were paid upon signing of the contracts.

6.9 Financial expenses

Information in EUR '000

	1/1 to 12/31/2008	1/1 to 12/31/2007
Loss from changes in the fair value of financial instruments	15,647	160
Interest on the 5.25% convertible bond 2006/2013	6,244	7,094
Other interest and similar expenses	5,341	491
Losses from foreign currency translation	12	0
Total	**27,244**	**7,745**

6.10 Income taxes

Classification of income taxes in EUR '000

	1/1 to 12/31/2008	1/1 to 12/31/2007
Current taxes	-1,418	-1,153
Deferred taxes	539	-720
Income taxes for continuing operations	-879	-1,873
Income taxes for discontinued operations	269	643
Total income taxes	**-610**	**-1,230**

Tax reconciliation in EUR '000

	1/1 to 12/31/2008	1/1 to 12/31/2007
Result from continuing and discontinued operations	-128,538	-40,445
Expected taxes based on a tax rate of 28.08 percent (2007: 37.50 percent)	36,093	15,167
Differing tax rates	-2,155	-697
Reversal/write-down on deferred tax assets	-4,185	1,454
Tax-exempt income	580	420
Permanent differences	-4,339	-396
Change in tax rates	0	-2,400
Tax income and expenses relating to other accounting periods	668	-39
Other tax effects	1,577	475
Unrecognized deferred taxes	-4,058	-15,214
Amortization of goodwill	-24,791	0
Actual income tax expense / income	**-610**	**-1,230**
Effective tax rate in percent	**-0.5**	**-3.0**

Taxes on income comprise of income taxes paid or payable in the respective countries and deferred taxes. The income taxes include trade tax, corporate income tax, unification surcharge and the corresponding foreign income taxes.

6.11 Earnings per share

In satisfying the statutory prerequisites under § 71c (2) of the Stock Companies Act (AktG), the treasury stock balance was dropped to below the 10 percent threshold on March 21, 2007 through a long term securities lending. A corresponding notice was published on March 23, 2007. In July 2008 the securities lending was cancelled in full. According to IAS 39, the separate position for treasury stock comprises until the cancellation of the securities lending own shares held and shares held by a third party as part of the atypical securities lending. Potential shares do not include potential shares from options to employees or the 5.25% convertible bond 2006/2013, because either the exercise price is above the underlying average stock price or the potential shares have no diluting effects.

Earnings per share

	1/1 to 12/31/2008	1/1 to 12/31/2007
Result attributable to shareholders	**-131,344 TEUR**	-41,163 TEUR
Average number of issued ordinary shares	73,382,433	64,470,252
Average number of potential shares from options		
Certificates	0	6,622,583
Convertible bonds	0	0
	0	6,622,583
Total average number of issued and potential shares	**73,382,433**	71,092,835
Earnings per share attributable to shareholders, basic	-1.79 EUR	-0.64 EUR
Earnings per share attributable to shareholders, diluted	-1.79 EUR	-0.64 EUR

According to IFRS, disclosures are made for the weighted average number of shares issued (basic and diluted) as well as earnings per share (basic and diluted) inclusive the securities lending. The table below depicts earnings per share with and without the securities lending:

Earnings per share

	2008		2007	
	without securities lending	with securities lending	without securities lending	with securities lending
Earnings per share				
Earnings per share attributable to shareholders, basic, in EUR	-1.84	-1.79	-0.67	-0.64
Earnings per share attributable to shareholders, diluted, in EUR	-1.84	-1.79	-0.67	-0.64
Earnings per share from continuing operations				
Earnings per share attributable to shareholders, basic, in EUR	-1.78	-1.74	0.15	0.15
Earnings per share attributable to shareholders, diluted, in EUR	-1.78	-1.74	0.15	0.15
Earnings per share from discontinued operations				
Earnings per share attributable to shareholders, basic, in EUR	-0.06	-0.05	-0.82	-0.79
Earnings per share attributable to shareholders, diluted, in EUR	-0.06	-0.05	-0.82	-0.79
Average number of outstanding shares (basic)	71,565,903	73,382,433	61,824,772	64,470,252
Average number of outstanding shares (diluted)	71,565,903	73,382,433	69,028,423	71,092,835

7. Notes to the Consolidated Cash Flow Statements

Composition of net funds

The composition of net funds within the Group previously encompassed current cash and cash equivalents less current liabilities due to banks. Starting June 30, 2008, the Group redefined net funds. Consequently, net funds comprise only cash and cash equivalents, which include cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are convertible to known amounts of cash at any time and which are subject to an insignificant risk of changes in value and have a maturity of less than three months - starting from the date of acquisition.

Other non-cash items mainly include TEUR 14,533 (2007: TEUR 0) from a revaluation reserve which was expensed.

At December 31, 2008 cash and cash equivalents include TEUR 3,105 (2007: TEUR 0), subject to disposition restrictions.

8. Disclosures regarding Financial Risk Management

The table below presents the net carrying values and fair values of financial instruments according to each asset category and a classification of the different categories of financial instruments under IAS 39.

Disclosures under IFRS 7: Categories under IAS 39 for 2008 in EUR '000

	Classification category under IAS 39	Net carrying value 12/31/2008	Of which not relevant under IFRS 7	Amortized cost	Fair value through profit or loss	Fair value 12/31/2008
Assets						
Cash and cash equivalents	LaR	165,947		165,947		165,947
Trade accounts receivable	LaR	52,836		52,836		52,836
Receivables due from associated companies	LaR	0				0
Receivables due from joint ventures	LaR	41		41		41
Other financial assets (current)						
Financial assets at fair value through profit or loss	FVPL	22,736			22,736	22,736
Available-for-sale financial assets	AfS	0				0
Other receivables	LaR	49,986	-8,366	41,620		41,620
Non-current receivables	LaR	2,755		2,755		2,755
Other financial assets (non-current)						
Financial assets at fair value through profit or loss	FVPL	214			214	214
Available-for-sale financial assets	AfS	1,750		1,750		1,750
Liabilities						
Financial liabilities (current and non-current)	FLAC	321,428		321,428		296,147
Trade accounts payable	FLAC	61,492		61,492		61,492
Payables due to joint ventures	FLAC	0				0
Other liabilities (current and non-current)						
Financial liabilities at amortized cost	FLAC	78,418	-9,725	68,693		68,693
Financial liabilities at fair value through profit or loss	FLPL	2,081			2,081	2,081
Aggregated by category						
Loans and receivables	LaR	271,565	-8,366	263,199		263,199
Available-for-sale financial assets	AfS	1,750		1,750		1,750
Financial assets at fair value through profit or loss	FVPL	22,950			22,950	22,950
Financial liabilities at amortized cost	FLAC	461,338	-9,725	451,613		426,332
Financial liabilities at fair value through profit or loss	FLPL	2,081			2,081	2,081

Financial liabilities as of December 31, 2008 comprise current (TEUR 239,494) and non-current (TEUR 81,934) financial liabilities.

Disclosures under IFRS 7: Categories under IAS 39 for 2007 in EUR '000

	Classification category under IAS 39	Net carrying value 12/31/2007	Of which not relevant under IFRS 7	Amortized cost	Fair value through profit or loss	Fair value 12/31/2007
Assets						
Cash and cash equivalents	LaR	53,089		53,089		53,089
Trade accounts receivable	LaR	37,896		37,896		37,896
Receivables due from associated companies	LaR	2,267		2,267		2,267
Receivables due from joint ventures	LaR	3		3		3
Other financial assets (current)						
Financial assets at fair value through profit or loss	FVPL	2,505		2,505		2,505
Available-for-sale financial assets	AfS	0				0
Other receivables	LaR	12,101	-8,373	3,728		3,728
Non-current receivables	LaR	0				0
Other financial assets (non-current)						
Financial assets at fair value through profit or loss	FVPL	0				0
Available-for-sale financial assets	AfS	7,589		7,589		7,589
Liabilities						
Financial liabilities (current and non-current)	FLAC	108,832		108,832		108,832
Trade accounts payable	FLAC	34,874		34,874		34,874
Payables due to joint ventures	FLAC	92		92		92
Other liabilities (current and non-current)						
Financial liabilities at amortized cost	FLAC	18,156	-16,784	1,372		1,372
Financial liabilities at fair value through profit or loss	FLPL	0				0
Aggregated by category						
Loans and receivables	LaR	105,356	-8,783	96,983		96,983
Available-for-sale financial assets	AfS	7,589		7,589		7,589
Financial assets at fair value through profit or loss	FVPL	2,505		2,505		2,505
Financial liabilities at amortized cost	FLAC	161,954	-16,784	145,170		145,170
Financial liabilities at fair value through profit or loss	FLPL	0				0

Financial liabilities as of December 31, 2007 comprise current (TEUR 948) and non-current (TEUR 107,884) financial liabilities.

The net results of the respective categories of financial instruments are shown in the following table:

Net results for the categories under IFRS 7 in EUR '000

	From interest	From subsequent measurement			From disposal	Others	Net result
2008		Change in fair value	Foreign currency translation	Impairment			
Loans and receivables (LaR)	2,284		501	-5,702	-6,441		-9,358
Available-for-sale financial assets (AfS)		-7,562				-24	-7,586
Financial assets at fair value through profit or loss (FVPL)		-2,281			0		-2,281
Financial liabilities at amortized cost (FLAC)	-11,584	-1,359	937		4,975		-7,031
Financial liabilities at fair value through profit or loss (FLPL)		-1,486					-1,486
2007							
Loans and receivables (LaR)	3,037		364	-629	-359		2,413
Available-for-sale financial assets (AfS)							0
Financial assets at fair value through profit or loss (FVPL)		-160					-160
Financial liabilities at amortized cost (FLAC)	-7,585						-7,585
Financial liabilities at fair value through profit or loss (FLPL)							0

Management of financial risks

The Group is exposed to various financial risks arising from operating business activities and financing activities. Financial risks are sub-classified by liquidity risk, credit risk and market risks (including currency risk, interest risk and price fluctuation risk). These risks are centrally examined within the EM.Sport Media Group. The risk situation is identified by the risk manager in a standardized risk report prepared on the basis of the risk management guidelines in effect for the entire Group and reported to the Management Board of EM.Sport Media AG. Moreover, the risk presentation is outlined in the Risk Report, which forms a part of the Management Report (Chapter 6).

Liquidity risks

A liquidity risk arises if payment obligations of the Group cannot be covered by liquidity on hand or corresponding credit facilities. EM.Sport Media AG and the EM.Sport Media Group had sufficient liquidity reserves taking into account available short-term credit facilities as of the balance sheet date.

The table below presents the maturity structure of non-derivative financial liabilities and presents an analysis of cash outflow for derivative financial liabilities and assets:

Liquidity risk for 2008 in EUR '000

		Cash flow 2009			Cash flow 2010		
12/31/2008	Net carrying value	Interest fixed	Interest variable	Repayment	Interest fixed	Interest variable	Repayment
Non-derivative financial liabilities:							
Bonds, other securitized liabilities, liabilities due to banks and promissory notes and similar liabilities	**316,384**	5,194	2,250	238,772	4,315	0	800
Liabilities from finance leases	**0**	0	0	0	0	0	0
Other interest-bearing liabilities	**0**	0	0	0	0	0	0
Other non-interest-bearing financial liabilities	**135,019**	0	0	129,959	0	0	5,416
Derivative financial liabilities and assets							
Derivative financial liabilities							
Derivatives without a hedge relationship	**1,715**	0	0	1,715	0	0	0
Currency derivatives under fair value hedges	**175**	0	0	3,563	0	0	0
Derivative financial assets							
Currency derivatives without a hedge relationship	**253**	0	0	253	0	0	0

Liquidity risk for 2008 in EUR '000

		Cash flow 2011-2013			Cash flow 2014-2018		
12/31/2008	Net carrying value	Interest fixed	Interest variable	Repayment	Interest fixed	Interest variable	Repayment
Non-derivative financial liabilities:							
Bonds, other securitized liabilities, liabilities due to banks and promissory notes and similar liabilities	**316,384**	5,683	0	81,313	0	0	0
Liabilities from finance leases	**0**	0	0	0	0	0	0
Other interest-bearing liabilities	**0**	0	0	0	0	0	0
Other non-interest-bearing financial liabilities	**135,019**	0	0	16	0	0	0
Derivative financial liabilities and assets							
Derivative financial liabilities							
Derivatives without a hedge relationship	**1,715**	0	0	0	0	0	0
Currency derivatives under fair value hedges	**175**	0	0	0	0	0	0
Derivative financial assets							
Currency derivatives without a hedge relationship	**253**	0	0	0	0	0	0

Liquidity risk for 2007 in EUR '000

		Cash flow 2008			Cash flow 2009		
12/31/2007	Net carrying value	Interest fixed	Interest variable	Repayment	Interest fixed	Interest variable	Repayment
Non-derivative financial liabilities:							
Bonds, other securitized liabilities, liabilities due to banks and promissory notes and similar liabilities	108,766	4,782	1,313	10,881	4,717	1,050	5,800
Liabilities from finance leases	67	0	0	67	0	0	0
Other interest-bearing liabilities	0	0	0	0	0	0	0
Other non-interest-bearing financial liabilities	36,338	0	0	36,338	0	0	0
Derivative financial liabilities and assets							
Derivative financial liabilities							
Derivatives without a hedge relationship	0	0	0	0	0	0	0
Currency derivatives under fair value hedges	0	0	0	0	0	0	0
Derivative financial assets							
Currency derivatives without a hedge relationship	0	0	0	0	0	0	0

Liquidity risk for 2007 in EUR '000

		Cash flow 2010-2012			Cash flow 2013-2017		
12/31/2007	Net carrying value	Interest fixed	Interest variable	Repayment	Interest fixed	Interest variable	Repayment
Non-derivative financial liabilities:							
Bonds, other securitized liabilities, liabilities due to banks and promissory notes and similar liabilities	108,766	13,851	0	16,013	1,532	0	87,548
Liabilities from finance leases	67	0	0	0	0	0	0
Other interest-bearing liabilities	0	0	0	0	0	0	0
Other non-interest-bearing financial liabilities	36,338	0	0	0	0	0	0
Derivative financial liabilities and assets							
Derivative financial liabilities							
Derivatives without a hedge relationship	0	0	0	0	0	0	0
Currency derivatives under fair value hedges	0	0	0	0	0	0	0
Derivative financial assets							
Currency derivatives without a hedge relationship	0	0	0	0	0	0	0

In general, the Group companies are responsible for the disposition of liquid funds on their own, including current deposits of liquidity surpluses and procurement of loans to bridge liquidity shortages. EM.Sport Media AG in part supports its subsidiaries and acts as a coordinator with banks for purposes of maintaining the most cost-effective coverage of financial requirements. In addition, the Group's international creditworthiness enables efficient use of international capital markets for financing activities. This also includes the ability of issuance of equity and debt instruments on the capital market. Accordingly, diverse projects, particularly in the film business and other financing activities such as minority purchases and acquisition of treasury stock could affect the liquidity over time to a varying extent. Because of the special charges incurred in 2008, certain financial key figures important to bank lenders can no longer be maintained. To the extent these special charges are not considered, the relevant financial ratios have been met. The Group could be forced to procure debt on the capital market or from credit institutions on the short or medium term either to refinance existing liabilities or to finance new projects. From today's standpoint it is not certain that intended financial sources, if needed, will be available to a sufficient extent and at proper market conditions. In view of the repayment of the convertible bond, EM.Sport Media AG assumes that the bond creditors will make a claim of their option for early repayment in 2011.

Credit risks

A credit risk exists when the debtor is unable to meet a repayment obligation for a receivable at all or on time.

Credit risks could exist on liquid funds, bank balances and customer receivables. Moreover, possible risks on liquid funds are minimized by allocating bank balances on several financial institutions. Furthermore, potential default risks on customer receivables will be regularly evaluated and, if required, valuation allowances for bad debt provisions are recognized. Identified default risk is taken into account by means of write-down. In addition, the Company insures the risk of default caused by insolvency of a debtor by means of obtaining credit checks and from credit insurance for receivables to a frequent extent. Therefore, the Group assesses the credit quality of receivables that are neither overdue nor impaired to be largely satisfactory.

The maximum credit risk of the EM.Sport Media Group is equivalent to the carrying values of the financial assets.

Market risks

Market risks refer to risks from exchange rate and interest rate fluctuations and other risks from changes in the price base.

Currency risk

Based on its international positioning, the EM.Sport Media Group is exposed to currency risks as part of its normal business activities. The Group's exchange rates of primary concern are the Swiss franc and the US dollar. Exchange rate fluctuations could give rise to undesired and unforeseeable profit and cash flow volatility. Every subsidiary is subject to risks associated with exchange rate fluctuation when it transacts with international contractual partners incurring future cash flows therefrom that do not correspond to the functional currency of the respective subsidiary. The EM.Sport Media Group does not transact business activities in currencies with above-average volatility or otherwise notably risky. Regarding material transactions, mainly in US dollar, the Group concludes currency hedging transactions to counter currency risk. Such derivative financial instruments are entered into with credit institutions. Financial instruments largely relate to future foreign currency cash flows for film projects. In general, the Group monitors that the amount of the hedging instrument does not exceed the underlying transaction.

As of December 31, 2008 forward currency contracts as hedging instruments were open. The strict prerequisites for hedge accounting under IAS 39 with respect to a fair value hedge are generally satisfied. Hedging transactions still open as of the balance sheet date relate to the acquisition of rights in US dollar and are expected to exist until September 2009.

The nominal amount of all open forward contracts amounted to TEUR 3,563 (2007: TEUR 0). The complete market price valuation of these transactions totals TEUR 175 (2007: TEUR 0). The valuation of forward contracts is determined from the difference between the exchange rate on the transaction date and the fair value of the transaction on the balance sheet date. The valuation of credit amounts is determined as the difference between the rate on date of the first withdrawal of the loan tranche and the fair value as of the balance sheet date (taking into account items already paid).

Changes in fair value after deduction of taxes are shown in the profit and loss account in the amount of TEUR 175 (2007: TEUR 0) in conformity with IAS 39 (Fair Value Hedges). On the contrary, changes in the measurement of forecast hedging items are recognized to the profit and loss account. The fair value of hedging instruments is broken down as follows:

Hedging instruments in EUR '000

	12/31/2008		12/31/2007	
	Asset	Liability	Asset	Liability
Currency derivatives – cash flow hedge	0	0	0	0
Currency derivatives – fair value hedge	0	175	0	0
Total	0	175	0	0

Interest risk

Interest risk generally arises when market rates of interest fluctuate, which could improve or worsen the proceeds from deposits or payments for money procured.

The interest fluctuation risk for the Group relates predominantly to current and non-current financial liabilities. Currently, the Group does not hold financial instruments to hedge against interest fluctuation risks; however, interest-pooling exists in part for current account bank overdrafts. In addition, interest risks arise from mismatched maturities which the Group actively controls by analyzing the yield curve in particular.

At the present time the EM.Sport Media Group has a balanced ratio of non-current financial liabilities with fixed (convertible bonds and convertible loans) and variable interest conditions linked to the general development of the money market interest rates (non-current syndicated loan).

In times of rising interest rates, fixed interest agreements offer a corresponding safeguarding against additional costs. However, in times of falling interest rates they have the disadvantage that the Company cannot profit from that development. In the case of financial liabilities without flexible arrangements for withdrawal and repayment, fixed interest conditions provide adequate planning assurance. In contrast, variable interest conditions allow for future fluctuations in credit withdrawing in credit agreements with high flexibility. Furthermore, the possibility exists to establish a fixed interest base through interest hedging instruments.

Further explanations to financial liabilities are presented under Note 5.18.

Changes in the fair value (market risks) of financial assets and derivative financial instruments could impact the net assets and results of operations of the Group. Non-current financial assets are held for strategic reasons. In addition, securities in connection with maintenance of liquid funds are held or as a strategic entry to expand a new financial position. Hedging of such financial assets is not performed.

Sensitivity analysis

In conformity with IFRS 7 a sensitivity analysis is required to be prepared which depicts the impact of possible changes in market rates of interest on the earnings or equity. The EM.Sport Media Group does not have any fixed interest-bearing financial assets categorized as available-for-sale. Therefore, interest rate changes do not directly affect equity. Changes in the market rates of interest for variable interest-bearing financial instruments do affect interest income and interest expense. In determining the sensitivity analysis regarding interest risk, the interest rates have been changed by either one percent up or down. An increase would result in additional costs before taxes of TEUR 624 (2007: TEUR 233). A decrease of an equivalent nature would increase earnings before taxes by TEUR 624 (2007: TEUR 233).

In calculating the exchange rate sensitivity for the positions held in the major currency pairs USD/EUR and CHF/EUR, it is assumed that the USD to EUR and EUR to CHF translation would be higher or lower by 10 percent, respectively. Translation risks are not part of the sensitivity analysis.

Assuming that the US dollar against the Euro would be weaker by 10 percent as of December 31, 2008 and all other conditions would remain equal, the earnings before taxes would be lower by TEUR 194 (2007: TEUR 194). Assuming that the US dollar against the Euro would be stronger by 10 percent as of December 31, 2008 and all other conditions would remain equal, the earnings before taxes would be higher by TEUR 220 (2007: TEUR 194). In addition, the EM.Sport Media Group is exposed to currency risk regarding the Euro from its subsidiaries, whose functional currency is the Swiss franc. Assuming that the Euro against the Swiss franc would be weaker by 10 percent as of December 31, 2008 and all other conditions would remain equal, the earnings before taxes would be higher by TEUR 1,631 (2007: TEUR 0). Assuming that the Euro against the Swiss franc would be stronger by 10 percent as of December 31, 2008, the earnings before taxes would be lower by TEUR 1,629 (2007: TEUR 0).

Other price risks are defined as the risk that the fair value or future payments of a financial instrument will fluctuate due to changes in the fair market value, which has not already been incurred from interest risk or currency risk. Other price risks arise for financial assets measured at fair value through profit or loss and for financial assets available for sale. The other price risk is generally determined under the assumption that the fair value of an asset held for sale would increase or decrease by 10 percent. Based on a change of minus/plus 10 percent, equity would decrease or increase by TEUR 175 (2007: TEUR 759).

Sensitivity analysis for 2008 in EUR '000

	Net carrying value	Interest rate risk -1%	Interest rate risk +1%	Exchange rate risk -10%	Exchange rate risk +10%	Other price risks -10%	Other price risks +10%
Financial assets							
Cash and cash equivalents	165,947	-1,703	1,703	-2,325	2,330		
Trade accounts receivable	52,836			-1,118	1,155		
Receivables due from associated companies							
Receivables due from joint ventures	41						
Other financial assets (current and non-current)	24,700	-153	153	-43	43	-625	625
Other receivables	49,986			-26	26		
Non-current receivables	2,755						
Financial liabilities							
Trade accounts payable	61,492			1.934	-1,948		
Payables due to associated companies							
Other liabilities	78,783			85	-85		
Financial liabilities (current and non-current)	323,143	2,480	-2,480	2,930	-2,930		
Total increase/decrease	–	624	-624	1,437	-1,409	-625	625

Sensitivity analysis for 2007 in EUR '000

	Net carrying value	Interest rate risk		Exchange rate risk		Other price risks	
		-1%	+1%	-10%	+10%	-10%	+10%
Financial assets							
Cash and cash equivalents	53,089			-56	56		
Trade accounts receivable	37,896			-211	211		
Receivables due from associated companies	2,267						
Receivables due from joint ventures	3						
Financial assets at fair value through profit or loss	2,505	-66	66			-1,288	1,939
Other receivables	12,101						
Available-for-Sale investments	7,589					-759	759
Financial liabilities							
Trade accounts payable	34,874			73	-73		
Payables due to associated companies							
Payables due to joint ventures	92						
Other liabilities	18,156						
Financial liabilities/bonds (current and non-current)	108,832	301	-301				
Total increase/decrease	–	233	-233	-194	194	-2,047	2,698

9. Segment Reporting

Pursuant to IAS 14.44 segment information is prepared in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements. The primary reporting format are the business segments. The allocation of sales and assets to regions is based on the geographical locations the Group companies provide services. Intersegment sales and services reflect intragroup transactions effected at transfer prices fixed on an arm's length basis.

The Sports Segment continues to comprise television activities, which include the German TV station Deutsches SportFernsehen (DSF), the online activities of the Group (mainly the online portal Sport1.de) and the production activities of the PLAZAMEDIA group.

On the basis of the full consolidation of Highlight Communications AG, two new segments, the Film Segment and the Sports- and Event-Marketing Segment are now presented as well. The Film Segment encompasses the activities of Constantin Film AG and its subsidiaries as well as the Highlight subsidiaries Rainbow Entertainment. Together with its subsidiaries and shareholdings, Constantin Film AG is a leading producer and distributor of theatrical films, video/DVD platforms and television films. The business activities comprise the production and making of films as well as the exploitation of in-house productions and purchased film titles.

The Sports- and Event-Marketing Segment consists of the activities of Team Holding AG, an 80 percent shareholding of Highlight Communications AG, which distributes, as its main project, the UEFA Champions League, via its subsidiaries. Additional distribution projects include the UEFA Cup, UEFA Super Cup and the Eurovision Song Contest.

The Others Segment contains the administrative functions of the holding company, EM.Sport Media AG, and the activities of EM.TV Finance B.V.

Disclosures concerning Life On Stage GmbH, which is reported under “discontinued operations”, were not made under segment reporting as of December 31, 2008 for materiality reasons.

Segment information by business segments for 2008 in EUR '000

	Sports	Film	Sport- and Event-Marketing	Others	Reconciliation	Group
External sales	217,747	147,854	18,918	68	0	384,587
Change in inventories of work in progress and own work capitalized	411	0	0	0	0	411
Other segment revenues	8,699	2,359	613	17,616	-3,990	25,297
Segment expenses	-220,687	-214,655	-51,005	-30,783	3,990	-513,140
thereof amortization/depreciation and impairment	-17,759	-119,310	-34,691	-177	0	-171,937
Segment result from continuing operations	**6,170**	**-64,442**	**-31,474**	**-13,099**	**0**	**-102,845**
Result of associated companies	**0**	**-149**	**-240**	**9**	**0**	**-380**
Non-allocable items						
Financial income						6,193
Financial expenses						-27,244
Earnings from continuing operations before taxes						**-124,276**
Other segment information						
Segment assets	138,110	438,827	123,976	5,845	0	706,758
thereof shares in associated companies	0	2,468	2,179	0	0	4,647
non-allocable items						12,930
Assets of the Group						**719,688**
Segment liabilities	45,079	301,458	53,353	55,035	0	454,925
non-allocable items						122,330
Liabilities of the Group						**577,255**
Segment investments	**8,240**	**49,683**	**1,519**	**135**	**0**	**59,577**

Segment information by geographical region for 2008 in EUR '000

	German-speaking	Rest of Europe	Rest of the world	Total
External sales	358,302	16,304	9,981	384,587
Result of associated companies	-380	0	0	-380
Segment assets	705,912	846	0	706,758
thereof shares in associated companies	4,647	0	0	4,647
Segment investments	59,577	0	0	59,577

Segment information by business segments for 2007 in EUR '000

	Sports	Entertainment	Others	Recociliation	Group
External sales	230,564	0	153	0	230,717
Intercompany sales	196	0	0	-196	0
Change in inventories of work in progress and own work capitalized	29	0	0	0	29
Other segment revenues	9,510	0	11,417	-3,095	17,832
Segment expenses	-216,153	0	-20,232	3,095	-233,290
thereof amortization/depreciation and impairment	-11,034	0	-497	0	-11,531
Segment result from continuing operations	**24,146**	**0**	**-8,662**	**-196**	**15,288**
Result of associated companies	**396**	**0**	**0**	**0**	**396**
Non-allocable items					
Financial income					3,037
Financial expenses					-7,745
Earnings from continuing operations before taxes					**10,976**
Other segment information					
Segment assets	264,606	59,547	14,171	0	338,324
thereof shares in associated companies	109,577	0	0	0	109,577
non-allocable items					38,574
Assets of the Group					**376,898**
Segment liabilities	44,780	18,621	12,793	0	**76,194**
non-allocable items					115,503
Liabilities of the Group					**191,697**
Segment investments	9,688	0	228	0	**9,916**

Segment information by geographical region for 2007 in EUR '000

	German-speaking	Rest of Europe	Rest of the world	Total
External sales	223,021	7,696	0	230,717
Result of associated companies	396	0	0	396
Segment assets	335,481	2,843	0	338,324
thereof shares in associated companies	109,577	0	0	109,577
Segment investments	6,929	659	2,328	9,916

10. Accounting Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to use estimates and assumptions that affect the classification and measurement of reported income, expenses, assets, liabilities and contingent liabilities 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.

The most important assumptions concerning future developments as well as key sources of uncertainties surrounding estimates which could give rise to significant revaluation in assets and liabilities, income, expenses and contingent liabilities in the next twelve months are presented below.

Provisions

The Group's provision for anticipated merchandise returns is based on an analysis of constructive or legal obligations and historical performance as well as the Group's experience. According to information available at the present time, Management deems the provision to be adequate. Since these deductions are based on Management's estimations, revisions may arise as soon as new information becomes available. Such revisions could impact the provisions and sales in future reporting periods.

Impairment of non-financial assets

Goodwill and other intangible assets with indefinite lives are tested at least once a year for impairment and if triggering events indicate possible impairment. Film assets and other non-financial assets are tested for impairment if triggering events indicate that the carrying value exceeds the recoverable amount. To assess whether impairment exists, estimates of expected future cash flows per cash-generating unit from the use and eventual disposal of such assets are performed. The actual cash flows could significantly vary from the estimated discounted future cash flows. Changes in sales and cash flow forecasts could lead to impairment charges.

Financial assets

The fair value of financial assets traded on an organized market is determined on the basis of the quoted market price as of the balance sheet date. The fair value of financial assets without an active market is determined by applying valuation methods. Valuation methods include the application of most recent business transactions between knowledgeable, willing parties in an arm's length transaction, comparison with fair values of other, mostly identical financial instruments, analysis of discounted cash flows and use of other valuation models based on Management's assumptions. The Group determines whether there is any indication of impairment of financial assets or group of assets at each balance sheet date.

Service productions

In determining the stage of completion of productions according to the percentage of completion method (PoC), the cost-to-cost method (production costs incurred as of the closing date in proportion to the expected total production costs) or the method of physical completion are applied. The determination of expected total production costs or physical completion are subject to the use of estimates. Changes in accounting estimates have a direct impact on the earnings generated.

Provision for litigation

Group companies inherently face various legal disputes. As of today's date, the Group assumes that litigation provisions cover such risks. However, additional lawsuits could be filed whose costs would not be covered by the existing provisions or insurance policies. Moreover, it cannot be ruled out that the extent of legal disputes could increase and that future lawsuits, disputes, proceedings and investigations will be insignificant. The incurrence of such events could impact provisions recognized for litigation in future reporting periods.

Deferred taxes

Long-range estimates must be made in determining deferred tax assets and liabilities. Several of these estimates are based on interpretations of enacted tax laws and legislation. Management is of the opinion that the estimates are adequate and uncertainties surrounding income taxes for recognized assets and liabilities have been sufficiently taken into account. In particular, deferred tax assets from loss carryforwards are dependent on the generation of future corresponding profits. Also, deferred tax assets from valuation adjustments are dependent on future profit performance. Furthermore, the carryforward of net tax losses expire in certain countries over time. Actual profits could vary from forecasted profits. Such changes could impact deferred tax assets and liabilities in future reporting periods.

11. Contingent Liabilities and Other Financial Commitments

11.1 Overview

An overview of the contingent liabilities and other financial commitments is presented below as follows:

Contingent liabilities and other financial commitments in EUR '000

	Contingent liabilities	Acceptance obligations for licenses	Other financial commitments	Rental and lease obligations	Total
Balance at December 31, 2008					
Due within one year	3,305	20,254	23,166	11,183	57,908
Due between one and five years	0	70,215	20,695	25,187	116,097
Due after five years	0	0	0	1,011	1,011
Total	3,305	90,469	43,861	37,381	175,016
Balance at December 31, 2007					
Due within one year	792	20,056	15,426	6,358	42,632
Due between one and five years	5,248	9,330	20,563	17,532	52,673
Due after five years	0	0	0	1,056	1,056
Total	6,040	29,386	35,989	24,946	96,361

By signing license agreements, the Group assures access to future film rights. Financial obligations arise in the future from the purchase of film rights or from productions underway, which amounted to about TEUR 33,990 (2007: TEUR 0). In addition, other financial commitments contain TEUR 60,810 (2007: 62,514 TEUR) for the broadcasting and transmission rights of DSF Deutsches SportFernsehen GmbH.

11.2 Rental and lease obligations

The EM.Sport Media Group rents and leases office space, storage space, vehicles and equipment.

The following minimum lease payments existed as of December 31, 2008:

Obligations under operating leases in EUR '000

	Rent for buildings and office space	Vehicle leases	Others	12/31/2008	12/31/2007
Due within one year	10,358	378	447	11,183	6,358
Due between one and five years	23,741	403	1,043	25,187	17,532
Due after five years	1,004	7	0	1,011	1,056
Total	35,103	788	1,490	37,381	24,946

11.3 Contingent liabilities

Contingent liabilities amounted to TEUR 3,305 as of December 31, 2008 (2007: TEUR 5,190) and relate only to litigation costs. Contingent liabilities in the previous year included litigation costs (TEUR 4,398) and input tax on capital measures (TEUR 792).

11.4 Guarantees and other commitments

Guarantees totaling TEUR 9,000 have been issued to various TV stations for service productions as of December 31, 2008 (2007: TEUR 0) as well as other guarantees and commitments of TEUR 0 (2007: TEUR 68).

12. Relationships with Related Companies and Persons

Related companies within the meaning of IAS 24 include associated companies and joint ventures as well as companies controlled by Supervisory Board Members.

On June 25, 2008, EM.Sport Media AG published its takeover documents regarding the voluntary public tender offer to the stockholders of Constantin Film AG, Munich, to acquire bearer ordinary shares of Constantin Film AG against a payment of EUR 18.31 per share, which represents the volume-weighted average price as determined by the German Financial Supervisory Authority (BaFin). The tender offer period pursuant to § 93c WpÜG expired on October 27, 2008.

The voluntary public tender offer arose in connection with increasing EM.Sport Media AG's shareholding in the Highlight group to 37.6 percent. At that point in time, the Highlight group held 95.48 percent of the shares in Constantin Film AG. Highlight Communications AG had agreed with EM.Sport Media AG that it would not tender its stake in Constantin shares.

Moreover, the parties agreed that EM.Sport Media AG would further dispose of its Constantin shares acquired as part of the tender offer to Highlight Communications AG at the takeover price of EUR 18.31 per share, such that EM.Sport Media AG would not hold any Constantin shares arising from the voluntary tender offer.

Up to the end of the acceptance period at October 27, 2008, the offer was accepted for a total of 299,862 Constantin shares (i.e. around 2.35 percent of the share capital of Constantin Film AG). EM.Sport Media AG transferred these Constantin shares to Highlight Communications AG against a payment of EUR 18.31 per Constantin share. The Highlight group's shareholding in Constantin Film AG therefore subsequently increased to about 97.8 percent and the free-float decreased to about 2.2 percent.

The realized sales and other income totaling TEUR 366 in 2008 (2007: TEUR 0) of the Highlight group from PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH largely related to the service production of "Dahoam is Dahoam". As of December 31, 2008 receivables of TEUR 41 (2007: TEUR 0) existed along with advance payments of TEUR 297 (2007: 0 TEUR).

Services to companies controlled by Supervisory Board Members were not rendered during the reporting period.

Related persons within the Group according to IAS 24 include the Management Board, Supervisory Board and their relatives.

In July 2008, EM.Sport Media AG acquired 2,818,847 shares in Highlight Communications AG from Mr Bernhard Burgener against a cash payment and EM.Sport Media AG treasury stock. EM.Sport Media AG acquired a further 37,500 Highlight Communications AG shares from Mr Martin Wagner as well as 7,000 Highlight Communications AG shares from Mrs Tamara Arrigoni, Mr Antonio Arrigoni's spouse, each against a cash payment and EM.Sport Media AG treasury stock.

EM.Sport Media AG and Highlight Communications AG signed consultancy agreements with Mr Werner E. Klatten. The agreements run for a fixed period from September 1, 2008 until December 31, 2011 and December 31, 2010, respectively. Annual fees are specified at TEUR 312 and TEUR 300, respectively. Fees are paid based on equivalent monthly amounts. In 2008, payments due from this agreements were recorded as expenses in the amount of TEUR 202.

All transactions with these related companies and persons were carried out on an arm's-length basis.

Further explanations regarding remuneration to Management Board and Supervisory Board Members are presented under Note 14.4.

13. Subsequent Events after the Balance Sheet Date

Extraordinary General Meeting

Based on a resolution passed at the Company's extraordinary General Meeting on January 28, 2009, capital was increased by 7,793,842 new bearer shares with an allocable nominal amount of the subscribed capital equivalent to EUR 1.00 per share. The new shares will be issued at the lowest issue price of EUR 1.00 per share and become entitled to profit starting January 1, 2009. The statutory subscription right has been granted to the stockholders in such a manner that the new shares are subscribed with one or more credit institute(s) at the lowest issue price of EUR 1.00 per share and will be assumed with the obligation to offer them to the company's stockholders in a ratio of 10 to 1 at a subscription price of EUR 2.00 per share and to transfer any surplus proceeds (after deduction of appropriate commission, costs and expenditures) to the company (indirect subscription right). Subscription is possible up to July 28, 2009. Any new shares not subscribed can be applied as deemed proper by the Management Board of the Company. Such realization shall take place at the subscription price of EUR 2.00 per share.

The extraordinary General Meeting also resolved to rename the company from EM.Sport Media AG to Constantin Medien AG.

Furthermore, the cancellation of the existing authorized capital 2005/I and creation of new authorized capital 2009/I were resolved. The authorized capital 2009/I empowered the Management Board, with the approval of the Supervisory Board, to increase the subscribed capital by up to EUR 20,000,000 by means of a single or multiple issuance of new bearer shares against a cash contribution or contribution in kind by January 27, 2014.

The resolutions for the capital increase, cancellation of the authorized capital 2005/I and creation of the new authorized capital were recorded in the Commercial Register on February 9, 2009. The name change has not yet been recorded in the Commercial Register.

Acquisition/sale of investments

Based on a purchase and assignment agreement dated January 27, 2009, EM.Sport Media AG acquired the remaining 24 percent stake in Life On Stage GmbH at a purchase price totaling EUR 2.00.

On the basis of a purchase and assignment agreement dated January 12, 2009, EM.Sport GmbH, a 100 percent subsidiary of EM.Sport Media AG, sold 2 percent of its share in AdImpulse Media GmbH to Thomas Port, managing director of AdImpulse Media GmbH.

According to an agreement dated February 13, 2009, EM.Sport Media AG sold its 5 percent stake in Premiere Star GmbH to Premiere Fernsehen GmbH & Co. KG with a condition precedent that all shareholders of Premiere Star GmbH approve the sale. This condition was fulfilled on the basis of the last approval passed on March 3, 2009.

14. Other Information and Disclosures

14.1 Audit fees

The line item 'other operating expenses' includes fees for the services of the auditor of the consolidated financial statements, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, in the amount of TEUR 400 for audit-related services and TEUR 210 for other services.

14.2 German Corporate Governance Code

The Management Board and Supervisory Board of EM.Sport Media AG have agreed to apply the German Corporate Governance Code applicable for listed companies. Only a few exceptions were noted to the recommendations for compliance. The declaration of compliance is published on the homepage under www.emsportmedia.ag.

The Management Board and Supervisory Board of Constantin Film AG have submitted the declaration of compliance as required by the German Corporate Governance Code pursuant to § 161 AktG and have made it available to shareholders under the company's website (www.constantin-film.de).

Highlight Communications AG is not required to comply with the German Corporate Governance Code.

14.3 Number of employees

The average number of employees within the Group developed as follows:

Number of employees

	2008	2007
Employees	1,261	797
Freelancer	1,193	427
Total	**2,454**	1,224

The average number of employees in the joint venture PolyScreen Produktionsgesellschaft für Film und Fernsehen mbH amounted to 1 (2007: 0). There were no persons employed with the associated company, BECO Musikverlag GmbH, neither in the reporting year nor in the previous year.

14.4 Executive bodies

Management Board

Bernhard Burgener, Zeiningen/Switzerland (Chairman since September 1, 2008)
Werner E. Klatten, Hamburg (Chairman until August 31, 2008)
Rainer Hüther, Munich, (Deputy Chairman since September 1, 2008)
Antonio Arrigoni, Muttenz/Switzerland (since April 1, 2008)
Dr Andreas Pres, Munich (until March 31, 2008)

The above stated members of the Management Board are also members of the following control bodies:
Bernhard Burgener is a member of the following control bodies:
> Board of Directors of Highlight Communications AG, Pratteln/Switzerland
> Chairman of the Supervisory Board of Constantin Film AG, Munich (until 12/31/2008; from 1/1/2009 Chairman)
> President of the Board of Directors of Team Holding AG, Lucerne/Switzerland
> President of the Board of Directors of Team Football Marketing AG, Lucerne/Switzerland
> President of the Board of Directors of T.E.A.M Television Event And Media Marketing AG, Lucerne/Switzerland
> President of the Board of Directors of KJP Holding AG, Lucerne/Switzerland
> President of the Board of Directors of Rainbow Home Entertainment AG, Pratteln/Switzerland
> Board of Directors of Escor Casinos & Entertainment SA, Düdingen/Switzerland
> Board of Directors of Radio Basilisk Betriebs AG, Basel/Switzerland
> President of the Board of Directors of Lechner Marmor S.p.A., Laas/Italy
> President of the Board of Directors of Lasamarmor S.p.A., Laas/Italy
> Board of Directors of CBE Marmor & Handels AG, Ibach/Switzerland

Rainer Hüther was not a member of a control body during the reporting period.

Antonio Arrigoni is a member of the following control bodies:
> Board of Directors of Highlight Communications AG, Pratteln/Switzerland

The remuneration for the Members of the Management Board comprises of a fixed salary and a variable component. The variable portion consists of non-recurring components granted by the Supervisory Board for exceptional services and components based on the performance of the Group and Group companies. The amount of the variable remuneration components is determined by the Supervisory Board and is contractually limited.

Total remuneration of Management Board Members for the financial year is broken down as follows:

Remuneration of Management Board in EUR

	Fixed remuneration	Variable remuneration	Other payments	Total
Bernhard Burgener (since September 1, 2008)	150,000	0	489,563	**639,563**
Werner E. Klatten (until August 31, 2008)	507,274	400,000	0	**907,274**
Rainer Hüther	370,677	548,461	0	**919,138**
Antonio Arrigoni (since April 1, 2008)	311,907	150,000	6,300	**468,207**
Dr Andreas Pres (until March 31, 2008)	104,716	0	202,500	**307,216**

The other payments to Mr Bernhard Burgener relate to his activities performed in the Board of Directors and Supervisory Boards of various companies of the Highlight group. The other payments to Mr Antonio Arrigoni relate to his activities performed in the Board of Directors of Highlight Communications AG.

The number of shares and share entitlements associated with option rights to shares of the executive bodies and persons related to them as of December 31, 2008 are presented as follows (number of shares):

Shares and options rights of Board Members

Management Board	Number of shares	Share entitlements associated with option rights
Bernhard Burgener	3,200,000	0
Rainer Hüther	10,000	27,397
Antonio Arrigoni	5,709	0
Supervisory Board		
Dr Bernd Thiemann	0	0
Werner E. Klatten	33,000	0
Dr Hans-Holger Albrecht	0	0
Dr Erwin Conradi	5,214,500	0
Dr Alexander Ritvay	0	0
Martin Wagner	30,581	0

Stock options of the Management Board

	Issue	Original base price*	Option rights	Shares	Price per share**		Stock price
	Date		Number	Number	1st tranche	2nd tranche	12/31/2008
		in EUR			in EUR	in EUR	in EUR
Bernhard Burgener			0	0			
Rainer Hüther	01/31/2002	2,28	200,000	27,397	17,48	19,14	2,50
Antonio Arrigoni			0	0			

* Original base price per share of the former EM.TV & Merchandising AG upon issuance before mark-up according to the option terms & conditions and before effects from the merger.
** Price due per share in EM.Sport Media AG upon exercising, after mark-up according to the option terms & conditions, adjustments for merger ratio of 73:10 and dilution protection due to the issuance of certificates.

Upon resignation from the Management Board of EM.Sport Media AG, the option rights of Werner E. Klatten and Dr Andreas Pres expired.

Supervisory Board

Dr Bernd Thiemann, Banker, Kronberg im Taunus (Chairman)
Werner E. Klatten, Attorney, Hamburg (Deputy Chairman, since September 1, 2008)
Bernhard Burgener, President of the Board of Directors of Highlight Communications AG, Pratteln/Switzerland (Deputy Chairman until August 31, 2008)
Dr Hans-Holger Albrecht, President and Chairman of the Management Board of Modern Times Group MTG AB, London/UK
Dr Erwin Conradi, Entrepreneur, Risch/Switzerland
Dr Alexander Ritvay, Attorney, Berlin (until January 28, 2009)
Martin Wagner, Attorney, Basel/Switzerland

Total remuneration of Supervisory Board Members for the financial year is broken down as follows:

Remuneration of Supervisory Board in EUR

	Fixed remuneration	Variable remuneration	Other payments	Total
Dr Bernd Thiemann	75,000	0	0	**75,000**
Bernhard Burgener (until August 31, 2008)	30,000	0	122,391	**152,391**
Werner E. Klatten (since September 1, 2008)	13,333	0	236,290	**249,623**
Dr Hans-Holger Albrecht	25,000	0	0	**25,000**
Dr Erwin Conradi	25,000	0	33,388	**58,388**
Dr Alexander Ritvay	20,000	0	0	**20,000**
Martin Wagner	20,000	0	455,324	**475,324**

According to the bylaws, the variable component for remuneration of the Members of the Supervisory Board is calculated from the earnings per share of the EM.Sport Media Group for 2008. The minimum results prescribed in the bylaws, for which variable remuneration would be paid, was not reached in 2008.

The other payments to Mr Bernhard Burgener and Mr Martin Wagner relates to their activities performed for the Board of Directors and Supervisory Boards of various companies in the Highlight group. The other remuneration of Mr Werner E. Klatten entails compensation from consultancy agreements signed with EM.Sport Media AG and Highlight Communications AG.

Ismaning, March 27, 2009

Management Board

Responsibility Statement

"We assure that, to the best of our knowledge and based on the accounting standards to be applied, the consolidated financial statements provide a true and fair view of the net worth, financial position and financial performance of the Group and that the Group Management Report presents business progress including the business results and the position of the Group in such a way that it provides a true and fair view, as well as describing the material opportunities and risks of the Group's anticipated development".

Ismaning, March 27, 2009

Management Board of the Group Parent Company
Bernhard Burgener, Chairman of the Management Board
Rainer Hüther, Deputy Chairman
Antonio Arrigoni, Chief Financial Officer

"Auditor's Report

(Translation – only German text is authoritative)

We have audited the consolidated financial statements prepared by the EM.Sport Media AG, Ismaning, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report, which is combined with the management report of the EM.Sport Media AG, Ismaning for the business year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Munich, March 30, 2009

PricewaterhouseCoopers AG
Aktiengesellschaft, Wirtschaftsprüfungsgesellschaft
Franz Wagner, Wirtschaftsprüfer (German Public Auditor)
Andreas Fell, Wirtschaftsprüfer (German Public Auditor)

Assets (HGB)

AG-Balance sheet at December 31, 2008 in EUR '000

	12/31/2008	12/31/2007
Fixed assets		
Film and merchandising rights, EDP programs, brand name	304	143
Tenant fixtures	5	7
Other plant and office equipment	359	426
Shares in affiliated companies	95,373	150,390
Loans to affiliated companies	11,000	20,000
Investments	118,395	109,632
	225,436	280,598
Current assets		
Trade accounts receivable	365	2,803
Receivables from affiliated companies	31,159	34,236
Receivables from companies in which participations are held	0	1,824
Other assets	6,569	10,440
Treasury stock	5	0
Other securities	3,400	0
Cash on hand, bank balances	2,413	2,662
	43,911	51,965
Prepaid expenses	**134**	55
Total assets	**269,481**	332,618

Equity/Liabilities (HGB)

AG-Balance sheet at December 31, 2008 in EUR '000

	12/31/2008	31.12.2007
Equity		
Subscribed capital	77,939	77,934
Conditional capital TEUR 15,119		
Contributions made to execute the resolved capital increase	0	5
Capital reserves	176,514	176,337
Treasury stock	5	0
Accumulated loss	-133,098	-70,678
	121,360	183,598
Accruals		
Tax accruals	0	249
Other accrued expenses	14,061	12,377
	14,061	12,626
Liabilities		
Liabilities due to banks	40,721	30,000
Payments received on account of orders	0	168
Trade accounts payable	1,386	3,133
Liabilities to affiliated companies	91,373	101,658
Liabilities to companies in which participations are held	267	191
Other liabilities	313	1,214
thereof from taxes TEUR 65 (previous year: TEUR 48)		
thereof social securitiy contributions TEUR 0 (previous year: TEUR 165)		
	134,060	136,364
Deferred income	**0**	30
Total equity and liabilities	**269,481**	332,618

AG-Profit and Loss Account (HGB)

January 1 to December 31, 2008 in EUR '000

	1/1 to 31/12/2008	1/1 to 31/12/2007
Sales	547	909
Other operating income	28,961	10,591
Expenses for licenses, commissions and materials	0	-1
Cost of materials	0	-1
Wages and salaries	-7,149	-6,276
Social security, pension costs	-523	-350
Personnel expenses	**-7,672**	-6,626
Amortization of intangible assets and depreciation of tangible assets	-178	-763
Write-downs of current assets as far as write-downs excess normal write-downs in a corporation	-2,505	0
Amortization, depreciation and write-downs	**-2,683**	-763
Other operating expenses	**-39,571**	-24,069
Operating loss	**-20,418**	-19,959
Investment income	1,877	0
Profit from transfer income	18,028	26,846
Interest and similar income	2,889	4,740
thereof from affiliated companies TEUR 2,010 (previous year: TEUR 2,973)		
Write-downs of financial assets	-57,222	-53,446
Interest and similar expenses	-8,329	-5,566
thereof from affiliated companies TEUR 4,843 (previous year: TEUR 4,803)		
Financial result	**-42,757**	-27,426
Income from ordinary activities	**-63,175**	-47,385
Taxes on income	786	-12
Other taxes	-31	-3
Net loss	**-62,420**	-47,400
Dissolution excess reserve	0	50
Loss brought forward from the previous year	-70,678	-23,328
Accumulated loss	**-133,098**	-70,678

Finance Calendar 2009

March 31, 2009	Annual Report 2008
May 29, 2009	Report for the first quarter of 2009
July 1, 2009	Annual General Meeting (AGM) for 2008 business year
August 27, 2009	Interim Financial Report 2009
November 26, 2009	Report for the third quarter of 2009

Note: Analysts conference calls will usually be held on the release day of the annual report, the interim financial report and the quarterly reports respectively.

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