

## Profit and Loss Statement

for the period from January 1, 1999 to September 30, 1999

in DM '000	as per Sept. 30, 1999	as per Sept. 30, 1998
<b>Sales</b>	<b>25.766</b>	<b>23.922</b>
Cost of materials	1.164	11.428
<b>Gross profit</b>	<b>24.602</b>	<b>12.494</b>
Personnel expenses	2.166	1.863
Other operating result	10.376	6.763
<b>EBDIT</b>	<b>12.060</b>	<b>3.868</b>
Depreciation	4.512	111
<b>EBIT</b>	<b>7.548</b>	<b>3.757</b>
Financial result	73	283
<b>Result from ordinary activities</b>	<b>7.475</b>	<b>3.474</b>
Tax on profit on ordinary activities	3.797	2.084
<b>DVFA/SG result</b>	<b>3.678</b>	<b>1.390</b>
extraordinary expenses (net)	2.454	-
Other Taxes	2	-
Expense for transfer of income due to profit and loss pooling agreement	-	1.390
<b>Net profit for the period from 1.1.1999 -30.9.1999</b>	<b>1.222</b>	<b>-</b>
DVFA/SG result per share	0,35 "(1)	0,19 "(2)

"(1) based on 10,375,000 shares

"(2) based on 7,500,000 shares

### Conversion to IAS standards

The conversion of year to date as per September 30, 1999 to IAS standards merely required an adjustment of the pension provisions resulting in a DM 15,000 profit decrease.



## CALENDAR OF EVENTS



**December 6, 1999**

**IPOC, Frankfurt**

**March 28, 2000**

**Annual accounts press conference, Munich**

**May 4, 2000**

**Annual General Meeting of Shareholders**

**May 12, 2000**

**Quarterly report 1/2000**

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Fix & Foxi



The Countrymouse & the Citymouse



Ivanhoe



Patrol 03



Rotten Ralph



Rattatui



Brothers Flub



The Babaloos



Quarterly report 3/99

## Highlights

### Prize-winning programmes

The RTV classics are becoming increasingly popular with children abroad. "Babaloo" and "Urmel", for instance, are among the top films on the Dutch TV channel "Kindernet". "Inspector Mouse" made it into the final round at this year's International Emmy Awards in New York.

### International marketing success

The strong demand for RTV continued in the past three months. "Fix & Foxi" and "Philipp" were again the top-selling programmes in Germany and abroad. The popular mouse has become one of the best-selling programmes with the largest number of licensing agreements and will soon also be broadcast in Italy, the UK and Finland, giving it an audience in 35 markets. RTV has expanded its international audience through comprehensive package deals with Eastern European countries. Sales to other markets, including the USA, are currently being negotiated.

### The strategy

Since the IPO, RTV has consistently expanded its position as a major producer and supplier of high-quality kids' and family entertainment. The current co-productions and additional purchases will add attractive properties to the existing rights portfolio. When closing cooperation deals with international partners, RTV secures the rights for the whole European market or participates in worldwide rights exploitation.

RTV will expand its production base not only through internal growth but also through acquisitions and strategic partnerships. The company reviewed the national and international market in the third quarter of the current fiscal year and is now in negotiations with several potential candidates. RTV expects to announce the first acquisitions before the end of the year.

### TV business

The positive development in productions and commissioned productions continued in the third quarter. Production of the second series of "Fix & Foxi" for the German ARD and Kinderkanal channels has started and preparations for new episodes of "Philipp's Animal Hour" for SWR and Kinderkanal are underway, meaning that this successful show will enter its 4th consecutive year.

Preparations for the following international co-productions are in full swing: "MollyO!" with Sunbow/Sony Wonder, "Gloria's House" and "Wicked" with Australian producer Energee Entertainment, "Urban Tails" with JP Kids for Disney Channel, "Grizzly Tales" with Carlton and "Turtle Island" with Canadian production company Mimosa. RTV also plans to produce two animated series with the German broadcaster ARD.

### Merchandising business

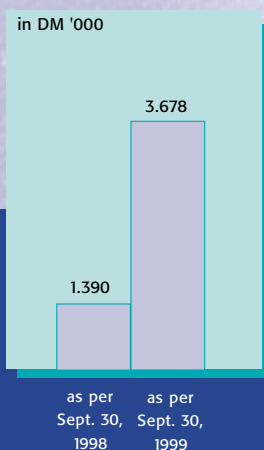
Following the successful start of "Fix & Foxi" merchandising in Germany, international marketing started in the third quarter of 1999. In this context, RTV signed long-term agreements for the marketing of children's clothes in the entire EU market with a Portuguese manufacturer. In the current financial year, a comprehensive communication campaign will support national and international marketing of "Fix & Foxi". The exploitation of long-time classics has also been expanded significantly in the past three months. Supported by the box office release of "Tobias Totz und sein Löwe", this cartoon character contributed to third-quarter sales. Two million copies of the second edition of the "Captain Bluebear" traffic instructions primer produced by ARAL in cooperation with the German Ministry of Transport and the German Road Safety Organization is about to be published soon. The primer will be sold at all ARAL gas stations throughout Germany together with a large range of Captain Bluebear products.

## Sales and profits

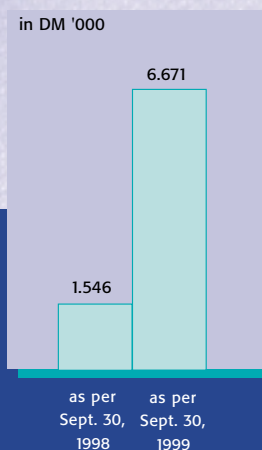
In the first nine months of 1999, RTV boosted its sales to approx. DM 25.8 million (EUR 13.2 million). This represents an 8% increase over last year's nine-month sales of DM 23.9 million (EUR 12.2 million). The profit margin stands at roughly 29%.

RTV's profits increased at a disproportionate rate. In the first nine months of the financial year, the result from ordinary activities reached DM 7.5 million (EUR 3.8 million), up 115% on the previous year's DM 3.5 million (EUR 1.8 million). The DVFA/SG result even climbed by 164% from DM 1.4 million (EUR 0.72 million) in the first nine months of 1998 to DM 3.7 million (EUR 1.9 million) in the respective 1999 period.

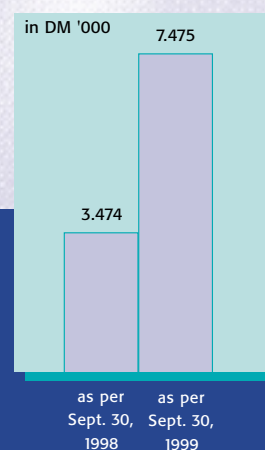
DVFA/SG result



Cash-flow



Result from ordinary activities





## Employees

In September 1999, Dr. Arno Haselhorst (36) was appointed Executive Board member in charge of Finance, Investor Relations and Merchandising.

On September 30, 1999, RTV employed 27 people, including 17 in Ravensburg and 10 in Mainz.

## Outlook

The sales deals sealed at the October 1999 MipCOM in Cannes fully met RTV's expectations. There was strong demand from national and international TV channels for trend productions such as "Brothers Flub" and "Rotten Ralph" as well as for the new programmes which are currently being produced.

The cooperation agreement signed with Energee Entertainment after the MipCOM show also reflects RTV's growth strategy and will further accelerate it in future. RTV and Energee Entertainment will jointly develop and produce a minimum of 52 half hour episodes of high-quality cartoon programmes per year.

The cooperation with the renowned Australian cartoon producer will enable RTV to boost its sales by an average DM 20-25 million p.a. in the years ahead.

RTV plans to move from Ravensburg to Munich next year, as a presence in Germany's "media metropolis" will provide the company with a better basis for future global expansion.

RTV expects full-year sales to reach the level projected on the occasion of the IPO, with full-year profits expected to grow at a clearly disproportionate rate. The cooperations and excellent agreements sealed after the IPO will mean dynamic sales and earnings growth for RTV in the years ahead. The company's key activities are currently focused on tapping additional international growth potential which gives cause for great optimism.



### Cash Flow Statement for the period from January 1, 1999 to September 30, 1999

in DM '000	as per Sept. 30, 1999	as per Sept. 30, 1998
Net income for the period from 1.1.1999 - 30.9.1999	1.222	1.390
Depreciation of fixed assets	4.512	111
Change in long-term accruals	937	45
<b>Cash flow DVFA/SG</b>	<b>6.671</b>	<b>1.546</b>
Decrease in inventories	2.198	1.432
Increase in trade receivables and other assets	-13.090	-1.455
Increase in short-term accruals	1.872	1.838
Decrease in trade accounts payable and other liabilities	-48.646	-3.333
<b>Cash flow from current operations</b>	<b>-50.995</b>	<b>28</b>
Outflow from investments in fixed assets	-9.155	-28
<b>Cash flow from investment activity</b>	<b>-9.155</b>	<b>-28</b>
Inflow from capital increases	60.150	0
<b>Cash flow from financing activity</b>	<b>60.150</b>	<b>0</b>
Cash changes in financial resources	0	0
Financial resources at the beginning of the period	2	5
<b>Financial resources at the end of the period</b>	<b>2</b>	<b>5</b>
Composition of funds		
Liquid funds	2	5
Short-term liabilities	0	0
	<b>2</b>	<b>5</b>

